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World News

Burmese troops confront students

In Rangoon, the Burmese capital, hundreds of riot police and troops armed with machine guns dispersed several thousand people after a student protest in support of detained dissident Aung San Suu, on the day she was to have collected the Nobel Peace Prize.

In Oslo, Alexander Aris, the 18-year-old son of Aung San Suu Kyi, accepted the Nobel prize on her behalf. Page 4

Opponent for Bush

Patrick Buchanan, right-wing US political commentator, launched his bid to return to the White House where he served as speech-writer to three presidents. He is to challenge President George Bush for the Republican party's nomination in the New Hampshire primary in February. Page 4

Japanese troops

The Japanese government has virtually given up its attempt to win parliamentary approval this year for a controversial bill authorising the despatch of Japanese troops overseas on United Nations peace-keeping missions.

Soviet commonwealth

After applauding the newly-elected Ukrainian president's blistering criticism of Mikhail Gorbachev, Ukrainian MPs ratified the treaty to form a commonwealth of independent states hammered out in Minsk over the weekend. Page 4

Poll lead for Labour

Labour has a three point lead over the UK government in a new opinion poll. The ICM poll for The Guardian shows Labour popularity down 1 per cent on the same time last month but Tory support down 2 per cent. Only the Liberal Democrats increased in popularity, from 13 per cent to 14 per cent.

Minister released

Nicholas Biwott, former-Kenyan cabinet minister, who was arrested two weeks ago in connection with the murder of a former foreign minister, was released from police custody last night. Page 4

Cuts for the TA

The UK Territorial Army – volunteer part-time reservists – is to have its strength reduced by about 10,000 to 63,500. Tom King, defence secretary, sugared the pill by promising to give the TA a more prominent role. Page 10

Li Peng to India

Li Peng, Chinese prime minister, arrives in New Delhi today for a five day visit that is seen as important both by India and China in removing suspicions that have lasted since Asia's two largest states went to war in 1962.

Dispute at FT

Financial Times journalists today meet to discuss a ballot on industrial action following announcement that nine members of staff, long term sufferers from repetitive strain injury (RSI), would be retired early on health grounds.

Motorway accidents

Angry UK police chiefs blamed drivers for a series of motorway crashes in freezing fog and ice which left six dead and more than 30 seriously injured. Scores of vehicles were involved in multiple pile-ups on the M1, the M62 and the A1M in South Yorkshire, West Yorkshire and Humberside.

Cambridge win

Cambridge beat Oxford 17-11 in the University rugby match at Twickenham. Observer, Page 16

Business Summary

Redland launches bid for Steetley

REDLAND, UK-based buildings materials group, launched a takeover bid for Steetley which valued the company at £615m.

Steetley is one of Europe's biggest aggregates producers, and a substantial manufacturer of ready-mix concrete. It is also makes quality facing bricks and clay tiles in the UK. The offer consists of 85 Redland shares for every 100 of Steetley.

INCHCAPE, the international motor distribution and retailing, services and marketing group, is to take over Tozer Kemsley & Millbourn, the motor distribution and retailing subsidiary of Brierley Investments in a deal worth up to £382.5m.
See Lex

NIPPON Steel, world's largest steel producer, is to purchase up to 25 per cent of the Japanese subsidiary of Oracle Systems, a leading US software company, as part of its continued diversification into the computer industry.

AMERICAN Telephone & Telegraph signed a $6.8m contract with Empresa Nacional de Telecomunicaciones, one of Chile's largest long-distance telecommunication service providers, for the first section of a fibre optic network that will eventually link the country's main urban centres.

GENERAL Motors, US motor corporation, has formed a joint venture to produce spark plugs in Hungary with Bakony Works for Metal and Electrical Equipment. The joint venture is the third to be established in Hungary by GM in recent months.

YAUX, UK brewing-to-hotels group, saw full-year profits decline from £38.8m to £34.3m, but the results were still at the upper end of City of London expectations. The company said its drinks-related businesses performed well, but the hotels division had a "lacklustre year".

BRITISH Aerospace appointed George Simpson, chairman of its Rover car subsidiary, to a new post of deputy chief executive to strengthen BAe top management.

BARCLAYS BANK, largest of the four main UK clearing banks, launched a code of business banking to govern relations with its small business customers. All the large high street banks have now published guidelines for such customers following widespread accusations last summer that the banks had been over-charging some of their business customers.

UK CORE inflation continued to slow last month, according to official figures, which illustrate the weak state of demand and the pressure on manufacturers to reduce prices.
See Lex

COMPASS Group, catering and hospitals company, reported an 8.5 per cent rise in pre-tax profits to £32m for the year to September 29, on sales down by £31.8m to £320.9m.

PINKERTON, US security group, said it had expanded its presence in the UK with the acquisition of ISS Securi-System for $7.3m (£4.12m). This brings to 15 the number of companies Pinkerton has acquired this year.

COPPER'S price fell to the lowest level in six months at one stage on the London Metal Exchange as the market became more convinced that the recent squeeze was over. Copper for immediate delivery closed at £1,208 a tonne, down £13.50 while copper for delivery in three months was down £11 to £1,225.

ALUMINIUM Company of America (Alcoa) and Austria Metall have decided to "suspend" plans to invest in two large smelters that were to have been built in Venezuela, according to Mr Roberto Pocaterra, Venezuela's minister of finance.

Major tells EC that UK business and Parliament would reject labour rules

Britain isolated in summit row on social policy

By Our Foreign and Political Staff in Maastricht

A SERIOUS CLASH between Britain and its EC partners over social policy was last night the only obstacle to success at the European Community summit in Maastricht.

Britain said it would not sign the treaty on political union if it contained an extension of labour market regulation on which all its partners insist.

Mr John Major, the UK prime minister, was holding talks with Dutch premier Ruud Lubbers, the summit's chairman, in an attempt to find some way out of the impasse.

One option being considered was for the UK to opt out of all new social policy provisions. "There seems to be no room for compromise", Mr Piet Dankert, the Dutch EC affairs minister, said after Mr Major brushed aside the Dutch presidency's plan to water down social policy provisions to meet British concerns.

This would make such sensitive issues as worker consultation subject to unanimity, rather than majority vote, thereby keeping national vetoes. France said it would refuse to sign the treaty if there was any further dilution of the treaty's labour clauses.

THE SUMMIT

DAY 2

Page 2
- Social policy clash
- Kohl's enthusiasm

Page 16
- Germany's F-word

Page 18
- Major: A man living with his party's past

But Mr Major told fellow leaders that if he met their wishes "I would not get the support of the British parliament or business".

His officials said he would rather accept an exemption clause for the UK than sign a treaty which would provoke widespread anger in the Conservative party. But such an opt-out – alongside the one already agreed for Britain on a single currency – would leave Mr Major open to accusations by the opposition Labour party that he had consigned the UK to the slow lane of a two-speed Europe.

The social policy row overshadowed a historic agreement giving the future European union a defence dimension as well as a common foreign policy. The vehicle for this defence identity will be the nine-nation Western European Union, which will be extended to take in Greece and any other EC state which wants to join.

To balance Greek admission into WEU, Turkey, its traditional enemy, will be offered full participation in the organisation, although not formal membership.

EC leaders were last night moving through a mass of often contentious detail towards agreement on extending EC law-making competence, spreading the use of majority voting, and giving the directly-elected European Par-
Continued on Page 18

Halfway stage: Jaques Delors (right), European Commission president, discusses progress with French president François Mitterrand before the second day of the summit

Gorbachev clings to shadow of power as union falters

By John Lloyd, in Moscow

MR Mikhail Gorbachev, the leader of a state which may no longer exist, yesterday clung to the shadow of power – even as his closest aide admitted that his fate hangs in the balance.

Mr Gorbachev's efforts to save the union seem increasingly doomed, in spite of a claim by Mr Andrei Grachev, his press secretary, that the president "today has no such thought" of resignation.

Meanwhile the US warned that conditions in the Soviet Union were "dangerously unstable".
Mr Robert Gates, the new CIA director, told the House Armed Services committee thata return to authoritarian government remained possible.

Mr Georgy Shakhnazarov, a long time advisor to President Gorbachev, was quoted by two Russian news agencies yesterday as telling a conference of young politicians that "you will not have long to wait for his [Gorbachev's] exit". Later Mr Shakhnazarov said he had been misquoted, and that he had said the decision on Mr Gorbachev's future depends on the fate of the union.

"If the union is maintained, then there will be a place for the president. If the union is not maintained, the question decides itself," he said.

Leaders of the three Slav states who signed a pact creating a Commonwealth of Independent States to replace the Soviet Union over the weekend and who account for more than 70 per cent of the Soviet Union, yesterday stepped up their efforts to ensure that the question is decided against Mr Gorbachev.

Mr Yeltsin, who will recommend the commonwealth to the Russian parliament tomorrow, yesterday saw Mr Yevgeny Shaposhnikov, the Soviet defence minister, in an attempt to ensure that the Red Army command does not swing against his new association.

After the meeting, Mr Gennady Burbulis, the first deputy prime minister of Russia, said that Marshall Shaposhnikov had "fully supported the formula" of the commonwealth agreement. Mr Yeltsin is to meet area commanders today. A meeting of senior officers was being held at the Defence Ministry last night. Mr Gorbachev was expected to address them.

Mr Andrei Kozyrev, the Russian foreign minister, who has been outspoken in his denunciation of the remnants of Soviet power, had on Monday summoned a meeting of ambassadors to tell them that they should no longer think of themselves as accredited to the Soviet Union. He said the question of to what state they were accredited would be settled shortly.

Yesterday, Mr Kozyrev said that the three-republic pact was the only chance for the country "to avoid what is happening in Yugoslavia" – a fate which Mr Gorbachev and others have predicted for the Soviet Union if the commonwealth agreement is not replaced by a union treaty.

In Minsk, the Belorussian parliament voted against the union treaty – while in the Ukrainian capital of Kiev, Mr Leonid Kravchuk, the Ukrainian president, attacked Mr Gorbachev's efforts to hold the union together as a "totalitarian" state.

"We all know how we got to this point and who is guilty," said Mr Kravchuk, a former senior Communist official, referring to Mr Gorbachev.

Mr Gorbachev's call for a special meeting of the Soviet Congress of Peoples Deputies to discuss both the commonwealth agreement and the union treaty seemed certain to founder for lack of a quorum. All three states participating in the commonwealth said they would not send their representatives. Mr Stanislav Shushkevich, the Belorussian leader, said the idea was "not serious" since so few deputies would turn up.

The Supreme Soviet will consider the commonwealth agreement tomorrow.

Editorial Comment, Page 16
Gates warns, Page 18

Confidential report shows £500m Maxwell loan losses

By Robert Peston

CREDITORS face losses of at least £500m on loans to the late Robert Maxwell's private companies, according to confidential documents obtained by the Financial Times.

A report by investigators from Coopers & Lybrand Deloitte, the accounting firm, discloses that bank loans to the Maxwell private companies are £970m in total, which is £70m higher than was previously disclosed.

The Coopers' report is the most authoritative assessment to date of the disastrous state of the private companies' finances. However, the outlook is almost certainly even worse for banks and other creditors than the dire prognosis made by Coopers.

Total losses faced by creditors to the private companies are likely to be well over £1bn. Bankers say there is also a risk that they will suffer a further £750m of losses on £1.5bn of loans to a Maxwell public company, Maxwell Communication Corporation.

Another surprising implication of the Coopers report is that Lloyds Bank is the UK clearer most at risk of making losses on loans to the Maxwell private companies, which are now in administration. National Westminster has the biggest loans to the companies, totalling £155m, but appears to be well protected by collateral.

The report delivered to the banks on December 3 refers to Maxwell companies by the code name "Russet".

It states that only £698m of all bank loans to the private companies are fully secured. A further £272m of bank loans are not backed by any security. These will rank alongside other creditors in the scramble for the proceeds from the disposal of the private companies' assets.

At the time, Coopers believed that £429m had been transferred out of the Maxwell public companies' pension funds. The report said £244m was also owed by the private companies to MCC.

A further £38m was identified as missing from MCC in the form of shares in Berlitz, the language instruction company, which had secretly been transferred from MCC to Bishopsgate Investment Trust in March.

Coopers also identified £47m as missing from Mirror Group Newspapers. However, MGN has subsequently discovered that a further £50m has vanished from its accounts.

Coopers assessment that creditors of the private companies are owed £1.88bn is likely to be an underestimate of at least £50m. Teams of accountants from other auditing firms, currently looking at the Maxwell private company accounts, are expected to find further debts.

However, if the report is too optimistic on debts of the private companies, bankers believe it has also been excessively optimistic in the valua-
Continued on Page 18

Editorial Comment, Page 16

CONTENTS

UK Stock Market Report 0836 430001; FOREX 0836 430003; Bullion 0836 430005; UK Company News 0836 430002. To obtain a free FT Cityline directory, telephone (071) 925 2128. Calls charged at 36p/minute cheap rate, 48p/minute at all other times

MARKETS

STERLING
New York lunchtime:
$1.8125
London:
$1.8080 (1.8065)
DM2.8500 (2.8425)
FFr9.7400 (9.720)
SFr2.5225 (2.5125)
Y232.50 (232.00)
£ Index 90.90 (90.7)

GOLD
New York Comex Feb
$371.1 (371.6)
London:
$368.40 (370.70)

N SEA OIL (Argus)
Brent 15-day Jan
$18.25 (same)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.5730
FFr5.3745
SFr1.390
Y128.50
London:
DM1.5765 (1.574)
FFr5.3875 (5.38)
SFr1.3945 (1.391)
Y128.65 (128.40)
$ Index 82.2
Tokyo close: Y128.32

US LUNCHTIME RATES
Fed Funds: 4⅜%
3-mo Treasury Bills: 4.285%
Long Bond: 102$\frac{13}{32}$
yield: 7.785%

STOCK INDICES
FT-SE 100:
2392.0 (−17.6)
FT-A All-Share:
1150.47 (−6.14%)
FT-SE Eurotrack 100:
1024.94 (−4.52)
New York close:
DJ Ind. Av.
2,882.70 (−8.95)
S&P Comp
377.56 (−0.70)
Tokyo: Nikkei
22,459.17 (−210.27)

LONDON MONEY
3-month interbank:
10$\frac{11}{16}$ (10$\frac{11}{16}$)
Liffe long gilt future:
95⅝ (Dec 95$\frac{11}{32}$)

THE MAASTRICHT SUMMIT

Social policy clash threatens to wreck talks

By David Gardner in Maastricht

THE UK and its 11 EC partners yesterday desperately sought a way of agreeing to disagree on continental European ambitions to strengthen workers' rights in the revised Treaty of Rome. Lawyers and draughtsmen were last night picking their way through the legal and political minefield of a new opt-out clause for Britain on social policy.

Mr John Major refused to yield his entrenched position in the political union negotiations. The other leaders got the point.

"I would say there is...no room for compromise," conceded Mr Piet Dankert, the Dutch minister for Europe. There was "no point in re-discussing" the social chapter of the draft treaty, as behind the scenes efforts were under way to find a way out. His colleague, finance minister Mr Wim Kok, had warned on day one of the Maastricht summit that there could be no compromise between yes and no.

Just before the Dutch presidency wound up another sterile debate on what Britain's Tory government sees as an EC bid to reintroduce socialism into the UK "through the back door", Mr Major thanked his hosts for redrafting the social provisions to take account of his concerns – and said no.

"The background is that British legislation is going in another direction, and these are insuperable difficulties," he said. "Just as for some of you, signing this treaty without the social provisions creates problems, for me it is the other way round. I would not get the support of the British parliament or business."

President François Mitterrand of France, with more than a hint of resigned irony, said he admired the courage of a man who "recognised his responsibilities." But he immediately arranged another meeting with Chancellor Helmut Kohl of Germany, amid signs that the patience of Britain's partners was fast evaporating.

But what is the UK rejecting? And to what extent can Britain opt out of a chapter of EC policy?

The Tory government believes it has changed the balance of industrial power in Britain in a way which only Brussels – or the opposition Labour party which supports EC social policy – can reverse. It believes the only role of social policy, apart from health and safety provisions, is to create jobs. These measures will cost jobs, UK officials say, in extravagant, but not easily checkable detail.

Britain's partners argue that EC workers must be given a stake in the new European Union. Down the road they foresee problems in both ratifying and implementing monetary and political union, pressures only a strong "social pillar" could withstand. Christian Democrats, and social democrats, favour consensual industrial relations, on the German model, from which the treaty's social chapter draws its inspiration.

THE SUMMIT

DAY 2

The chapter – revised early yesterday – is now tightly hedged by a strengthened "subsidiarity" clause. This means that the EC, in its efforts to improve working conditions, and provide adequate protection of workers' rights to information, social security, employment contracts and against discrimination, must prove that national governments could not do this better.

The Dutch compromise contains a modest list of areas which would be subject to majority vote in the Council of Ministers, as health and safety measures are now. These cover "working conditions...to protect workers' health and safety in the working environment" – a more tightly drawn definition to cover UK concerns. The "consultation" of workers has been moved to the list of measures where the UK would retain its veto, leaving the right to corporate "information" in its stead. Social security, protection of redundant workers, "consultation" and "co-determination" (union involvement in corporate decision-making), and conditions of employment for non-EC nationals are all issues which would be settled unanimously.

The UK got a treaty commitment that the European Commission would cost, and detail the effects on employment, of each proposal it makes. But even the compliant Dutch presidency refused to remove a separate article inviting voluntary agreements between capital and labour at Community level, which could replace legislation. "This is part of the hard core as far as we're concerned," a British official said. "It is an incentive to collective bargaining at Community level, which is dangerous; the higher up it is, the more divorced it is from the ability to pay."

The objection goes to the heart of the "social dumping" concerns of Britain's partners – that contracting out of minimum standards offers unfair competitive advantage.

The competition issue would have to be resolved in a let-out clause. As Mr Jacques Delors, Commission president, put it last week, a social opt-out for Britain would set up "one country as a paradise for foreign investment, particularly Japanese investment."

The legal position is even more tangled. The UK cannot renege on existing social legislation, yet so much of EC legislation is an updating of existing laws. How can "old" directives be separated entirely from "new" ones? And since the UK remains a member of the EC, a Dutch official asked, could a British union be stopped from taking the government to the European Court of Justice for failing to implement Community laws?

The political effect within Britain of a new opt-out is not yet the issue – because it was far from clear last night whether it could be achieved, or would be acceptable to either side. What was clear was that social policy risked scuttling the treaty.

Defence identity takes shape

By Robert Mauthner and David Gardner

FOREIGN ministers of the nine-nation Western European Union (WEU) defence grouping were last night close to agreement on giving Europe a new defence identity.

They have also agreed in principle to admit Greece to the WEU and to allow Turkey "full participation" in its activities, although this would fall short of formal membership.

The declaration by the ministers will make clear that the WEU will be open to all members of the future European Union. Negotiations on both Greece's membership and Turkey's special status are due to be completed by the end of 1992.

Greece had made its assent to the political union treaty conditional on membership of the WEU.

All EC members belong to the WEU, except Greece, Ireland and Denmark.

Although Turkey's participation will in practice be indistinguishable from full membership, it will probably not benefit from the automatic mutual defence guarantees contained in the WEU treaty. The exact nature of the mutual defence arrangements between the WEU and Turkey is to be negotiated.

The precise wording of the WEU's relationship with the European Union and the North Atlantic Treaty Organisation still remained to be finalised

But it was clear that the compromise would cover both Britain's concern that Europe's defence pillar should be fully compatible with Nato's responsibilities for European defence, and the desire of most other EC members that the WEU should become the defence arm of the Community.

The proposed text states that the WEU "will be developed as the defence component of the European Union and as the means to strengthen the European pillar of the Atlantic alliance."

The formula is understood to take account of British demands that the WEU should be an autonomous organisation. policies.

Kohl's enthusiasm carries doubters on decision day

By David Marsh in Maastricht

CHANCELLOR Helmut Kohl has handled the Maastricht summit with his customary mix of blunderbuss and bonhomie.

On Monday night he showed more enthusiasm than officials in his entourage on the deal to move to European monetary union (Emu) at the latest by 1999.

Mr Kohl even believes that Britain could decide to join Emu as early as 1996.

However, as summit bargaining turned confrontational yesterday, the mood in the German delegation became sombre. Mr Kohl insists that the EC has now taken an "irreversible" road to monetary union.

But there is still some residual German doubt whether EC countries can achieve the necessary degree of economic convergence to make Emu a reality.

In nearly all areas of the political union treaty discussed yesterday, Mr Kohl admits that Bonn wants to go further down the road towards federal European power-sharing than other important members of the Community. Having effectively given his imprimatur on Monday to giving up the D-Mark by the end of the century, Mr Kohl's big problem will be to show the German public that he has won sufficient concessions on political union to make the sacrifice worthwhile.

Unless he can do that, parliamentary ratification of any deal at the summit will appear problematic.

Mr Kohl's most strained relationship is with Britain. German officials showed irritation yesterday with what they termed as Britain's hardline stance on defence.

The chancellor also lined up with France, Belgium, Spain and Italy in criticising Britain's intransigence in the social policy and immigration fields.

But officials also stressed Germany's differences with other countries – with France over extending the powers of the European parliament, with the Netherlands over defence and with Spain and other southern countries over budgetary transfers to the poorer states.

Significantly, Mr Kohl has gone out of his way to praise the more positive negotiating style of Mr John Major compared with Mrs Margaret Thatcher. The German view is that Mr Major showed considerable elegance in his opening statement to the Council on Monday by stressing the points on which Britain agreed with the other 11. Mr Kohl was favourably impressed by the contrast with the "hammer-swinging" approach of Mr Major's predecessor.

A different – and still more difficult hurdle – for Mr Kohl stems from the mood of public opinion at home. The German press this week has kept up its new-found misgivings about the move eventually to replace the D-Mark by the Ecu.

The daily Frankfurter Allgemeine Zeitung, the flag-carrier of the heavyweight German right, charged on Monday that the "quality" of German economic policy would change as a result of Emu.

"Experience shows that, at the European level, resistance to inflation will grow smaller," the paper wrote.

'Fast forwards' relish their victory in battle over Emu timetable

By David Buchan in Maastricht

THE scale of the victory by the proponents of "fast forward" movement towards economic and monetary union (Emu) became clearer yesterday, even though this accord hangs on a political union deal.

Not only will the third and final stage of Emu start definitely by January 1 1999, but the European Central Bank (ECB) will also be set up by July 1 1998, or at least six months before a single currency comes into being.

To most people, seven years will seem a pretty leisurely timetable. But it will now be finite. Until this week, it had appeared likely that the European Community might try to create Emu at two-year intervals, starting in 1996 but, theoretically, continuing almost ad infinitum. Now, there will be a single currency by 1999 and the only remaining question is how many countries will share in it.

This is also a triumph for Mr Jacques Delors, the Commission president, who chaired the Emu study by central bankers which in 1989 laid the blueprint for the currency union. Mr Delors would have loved to set a final date for a single currency; but his Emu committee did not dare do so because that tactic had been so discredited by the EC's failed attempt in 1970 to create Emu by 1980.

The victor's laurels go chiefly to France. Its finance minister, Mr Pierre Bérégovoy, led – in the self-serving words of his spokesman – "a very well-conducted tactical battle". Victory was assured, he said, when "Germany totally backed us from the moment we made it clear we would not be lax on implementing the criteria for countries to get into Emu".

The key new change lies not in the convergence criteria themselves. To pass to the single currency, states must still:

- Get their inflation rates to within 1.5 percentage points – and long-term interest rates to within 2 percentage points – of the rates of the EC's three best economic performers.
- Keep their currencies within the narrow (plus or minus 2.25 per cent) fluctuation band of the exchange rate mechanism.

But the new decision-making procedure gives these criteria added weight. EC leaders have said that, in 1996, a majority of the 12 states must be economically fit for Emu, if a currency union is to go ahead. But later no such "critical mass" is required; all EC leaders have to do in mid-1998 is to decide which countries are ready for Emu that will, in any case, begin six months later. This number is likely to be at least three – because of the reference to the three best EC performers in the convergence criteria – but it might be no more than four.

Thus, there will less pressure on the 1998 summit to bend the criteria politically, because no minimum quorum of countries has been set for Emu.

Milestones to the EMU treaty

April 1957: Treaty of Rome established European Economic Community.
1968: Customs union results in common external tariff.
Oct 1970: Council of Ministers sets up Werner Committee to examine closer monetary co-operation. Committee recommends EMU by 1980.
March 1971: Council of Ministers adopts broad Emu blueprint but international currency crisis prevents implementation.
March 1972: "Snake" formed to keep participating EC currencies within a 2.25 per cent band.
March 1973: Collapse of Bretton Woods gold exchange standard.
March 1979: EMS established with Exchange Rate Mechanism and European Currency Unit. European Monetary Fund proposed for 1981, never materialises.
April 1989: Delors Committee calls for three-stage move to full Economic and Monetary Union (EMU).
Oct 1990: UK joins ERM.
Dec 1990: Intergovernmental conferences on political union and EMU start in Rome.
Dec 1991: Britain bows to pressure from EC partners at Maastricht summit to introduce single currency by 1999.
Dec 1996: EC due to decide by this date whether to launch EMU by qualified majority.
July 1998: European central bank due to be set up by this date.
Jan 1999: Third and final stage of EMU due to start.

Moscow presses IMF to agree special aid programme

THE International Monetary Fund is being pressed by the Russian government to agree a special programme which would funnel billions of dollars of western support into the fragile reform process under way in the largest state of the former Soviet Union, writes John Lloyd in Moscow.

The agreement would mean Russian reform being set within the *framework of an IMF programme*, with aid conditional on specific actions being taken. It would be the first time such an arrangement was made with a country which is not a member of the Fund – and currently *not even a subject of international law*.

The pressure from the Russian government rapidly to conclude such an agreement is a gauge of the mounting concern on its part that the process of disintegration now under way is out of the control of any domestic or foreign government. However, there are fears in the IMF and among foreign governments that the Russian reform programme might be flawed, and that ministers *might not be willing to change it to* accommodate IMF objections.

The Russian reform package, at the centre of which is the liberalisation of prices, has been put back by two weeks to January 2, following *talks at the weekend between the* Russian, Ukrainian and Belorussian leaders. At the talks Mr Boris Yeltsin, the Russian president, agreed to delay price rises and agreed to supply Ukraine with Rbs16bn-worth of notes to allow it, with Belorussia, to introduce free prices in concert with Russia.

Russian ministers are mostly relieved at the delay since it allows them to do further work on the state budget, designed to be sharply defla*tionary and to presage many* bankruptcies and a surge in the still-low unemployment figures.

Separate parts of the total reform package have already been enacted – for example, the adoption of a 28 per cent rate of value added tax on goods sold at free prices, and 21.88 per cent on goods whose prices remained controlled.

However, Mr Yeltsin is under increasing pressure to change the package radically, even to dismiss his recently appointed government. The pressure comes from Mr Alexander Rutskoi, a vice-president who has been outspoken in his criticism of Mr Yeltsin's reform plan, and from such figures as Mr Mikhail *Malei and Mr* Yevgeny Saburov, ministers in the former cabinet who are now advisers to the Russian president.

In Tokyo yesterday Mr Grigory Yavlinsky, deputy chairman of the inter-republican *Economic Committee*, said: "We are very worried that the removal of price controls will spark hyper-inflation."

The Russian government hopes the conclusion of an IMF agreement to observe the conditions of its programme would release credits to provide imports of food, debt repayments and a stabilisation fund to make the rouble convertible.

The sums which would be needed have not yet been fully worked out, but would be substantial – about $15bn (£8.4bn) a year, according to informed sources. However, foreign advisers in Moscow believe this will be the upper limit of what will be given, with probably a lower figure *being provided by foreign governments*.

If the IMF agreement is made, the World Bank – which, like the Fund, has established a permanent office in the capital – may also be able to provide parallel funding for the Russian federation on programmes of structural adjustment; for example, assisting in the privatisation of agriculture and industry.

Both institutions are now building links rapidly with the former Soviet republics, and may enter into negotiations with Ukraine and other states on similar aid packages. However, the experts and staff of these institutions are aware that perception of the problem's urgency differs *between Moscow and western capitals*.

German deadlock over VAT

CRUCIAL negotiations on tax reform between the two chambers of the German parliament broke down last night after total disagreement between government and opposition over plans to increase Vat in 1993, writes Quentin Peel.

No new date has been fixed for negotiations to resume, and plans for increased family allowances, and decreased company taxation, from January 1, are now in jeopardy.

Mr Theo Waigel, finance minister, said the conciliation committee attempting to thrash out a compromise between the Bundestag, dominated by the ruling coalition, *and the Bundesrat, in which* the Social Democrat-controlled federal states have a majority, had reached a stalemate.

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Ukrainian deputies throw weight behind Minsk treaty

By Chrystia Freeland in Kiev

AFTER applauding the newly elected Ukrainian president's blistering criticism of Mr Mikhail Gorbachev, Ukrainian MPs have ratified the treaty to form a commonwealth of independent states hammered out in Minsk over the weekend.

From the parliamentary debate it was apparent that Ukraine primarily sees the commonwealth as an exit from an undesirable union, rather than an entrance into a new association.

The Ukrainian vote will undermine Mr Gorbachev's criticism of the commonwealth as a backroom deal with no broad-based political support.

In ratifying the treaty by a 288 to 10 vote, the Ukrainian deputies made a number of alterations which will further weaken the already loose association and place Ukraine in a position to leave the commonwealth altogether if it chooses to do so.

Even fiercely nationalistic politicians like Miss Larysa Skoryk supported the agreement as a means of gracefully leaving the union. "I think that at the current moment this is a very wise and wily move," she said. "With a single stroke we will bring an end to the union and protect ourselves from Russian aggression."

The most significant changes the Ukrainian parliament *introduced ... emphasise* Ukraine's right to form its own army and altered the control of nuclear weapons. The Ukrainians, who plan to dismantle all the nuclear weapons on their territory, would like the right to drop out of the military-strategic space created by the association after they have destroyed all nuclear missiles.

The Ukrainians also strengthened border guarantees. They will ask Russia to guarantee its borders with Ukraine, regardless of whether Ukraine is a member of the commonwealth.

An almost imperceptible but crucial amendment transferred responsibility for minorities from joint responsibility to individual responsibility of each member state. For the Ukrainians this is protection against Russia's increasingly vocal sabre-rattling on the issue of Russian minorities in other republics.

Ukrainian MPs also insisted that all decisions within the *commonwealth should be* achieved by consensus. They said the treaty should come into effect from the moment of the exchange of ratified documents, which should take place in the city of Minsk.

Even as it voted to join the fragile commonwealth, the Ukrainian parliament continued to lay the foundations for independence. Parliament passed a law obliging Ukraine to abide by international agreements on human rights, including the Helsinki accord and the Paris Charter, as well as strengthening Ukraine's already impressive guarantees for foreign investors.

US keeps a wary eye on Red Army

The administration is watching events in the former Soviet Union with mounting alarm, writes Lionel Barber, US Editor, in Washington

THE US is watching the break-up of the Soviet Union with mounting alarm, with concern focusing on how the Red Army will respond to events.

Mr Robert Gates, CIA director, yesterday predicted that this winter would see the worst civil disorder since the Bolsheviks consolidated power after the 1917 revolution. The situation was "dangerously unstable," he said.

Mr Gates' warning reflects official unease about the proj*ected commonwealth of former* Soviet republics led by Russia announced last Sunday. President Mikhail Gorbachev's vehement objections to it and the resulting power struggle in Moscow have compounded US concern.

The crisis in Moscow means that next week's trip to the Soviet Union by Mr James Baker, US secretary of state, is taking on critical importance. He will hold talks with leaders of Russia, Ukraine and Belorussia – the three Slavic republics which initially form the commonwealth – and the dwindling central authorities in Moscow led by Mr Gorbachev, assuming he survives.

Until last Sunday's dramatic announcement, the administration had been pinning its hopes on Mr Boris Yeltsin, the Russian president, finding a *modus vivendi* with Mr Gorbachev which would ensure a minimum of political stability this winter.

It was always a gamble, but the administration was willing to take the risk given the huge economic difficulties facing the country and the desire for some continuity in Soviet foreign policy.

Officially, US policy remains unchanged. But it appears to have been overtaken by the whirlwind of change over the past fortnight: first, the overwhelming vote by Ukraine in favour of independence 10 days ago; second, the past week's effort by Mr Yeltsin to reach a political deal with President Leonid Kravchuk, the newly-elected Ukrainian leader.

US officials said they had no objection in principle to working with the projected commonwealth. Indeed, the US welcomed the three republics' public pledge to safeguard the rights of minorities and respect borders and international treaties – the precondition for future co-operation.

However, officials remain concerned about how the new entity intends to assume political control over the 4m-strong Red Army.

Ever since the arrest of President Gorbachev during last August's abortive coup, US officials have been working frantically to find ways of keeping the Soviet nuclear arsenal under central control.

Despite the three republics' support for joint control of military authority and nuclear forces, questions remain about the lack of political authority over the military chain of command.

Mr Gates told the House Armed Services committee yesterday that inflation and unemployment, created by the prospective move to a market economy, could provoke a coup. "The possibility cannot be ruled out that such circumstances could produce a return to authoritarian government," he said.

Lastly, Mr Yeltsin's deliberate exclusion of Mr Gorbachev from discussions on the new entity has raised doubts once again in Washington about the *Russian leader's judgment*.

These doubts have been fuelled by his failure to consult Mr Nursultan Nazarbayev, the powerful Kazak leader. The weekend proclamation that the old Soviet Union stood dissolved was seen as in some quarters as provocative.

Mr Dmitri Simes, a Soviet expert at the Carnegie Endowment Institute, pointed out in Mr Yeltsin's defence that he might have had no choice. "Sacrificing Gorbachev could well be the price the Ukrainians asked for joining. Remember, Gorbachev is seen in the Ukraine as the symbol of Soviet imperialism," he said.

INTERNATIONAL NEWS

Japan's business confidence declines sharply

By Stefan Wagstyl in Tokyo

BUSINESS confidence in Japan is declining sharply amid growing concern about the outlook for demand, capital investment and profits, according to a report published yesterday by the Bank of Japan.

In its latest short-term economic survey, the central bank said there had been "quite a big change" in sentiment since the previous survey in September. Business sentiment of both manufacturing and non-manufacturing companies remained positive but was forecast "to deteriorate further in the coming months".

The report, a widely-followed measure of economic conditions, prompted renewed calls from industry for a cut in interest rates.

Mr Gaishi Hiraiwa, the chairman of Keidanren, the employers' organisation, yesterday urged the government to press for a further cut in interest rates.

In a meeting with Mr Kiichi Miyazawa, the prime minister, Mr Hiraiwa said that if the economy deteriorated further then stimulative measures would be necessary.

The central bank's report sparked a rally in bond prices. But, with its gloomy predictions about profits, the survey did nothing to reassure investors in the stock market, where the Nikkei average of leading shares fell 399 points to 21,953.

According to the Bank of Japan's survey, based on a poll of corporate managers, the index of confidence of large manufacturing companies fell 14 points to 13, compared with 42 at the beginning of 1991. For non-manufacturing companies, the decline was slightly less severe with the index slipping from 40 in the September report to 31.

Smaller companies also believe that a slow-down is on the way, with the index of confidence declining from 21 to 9 for small manufacturing businesses and from 27 to 18 for non-manufacturers.

"These are quite large declines but the indices are still positive," said a central bank official.

Mitsubishi charged over art purchases

By Robert Thomson in Tokyo

MITSUBISHI Corporation, the giant trading house, was charged by Japanese police yesterday for dabbling illegally in the art market by purchasing two works of Auguste Renoir on behalf of a Buddhist group.

The Mitsubishi case has become a symbol of the punctured Japanese passion for purchasing high-priced western art. The passion had been stimulated by the proceeds of stock and property speculation in the late 1980s, when some Japanese investors considered French Impressionists to be as certain a source of profit as an Osaka condominium.

Japanese police also charged two art dealerships, Art France and Tachibana, with violating the Antique Dealings Law by selling the Renoirs, After the Bath and Young Girl Reading, to Mitsubishi, which did not hold the required art licence.

Mitsubishi admits violating the law and said the paintings were bought for Y3.6bn (£15.5m) in March 1989 on behalf of Soka Gakkai, a Buddhist lay organisation.

A Mitsubishi manager said: "We deeply apologise for our behaviour. We committed the offence because we were unware that the law required us to have a licence. We have made changes to our management system and the problem will not arise again."

Mitsubishi said yesterday that it now has no interest in dealing in works of art.

EC offer on farm subsidy cuts 'still not enough'

By William Dullforce in Geneva

FARM SUBSIDY cuts offered so far by the EC were insufficient, Mr Rufus Yerxa, deputy US trade representative, said here yesterday. Genuine efforts were being made by the EC and US to bridge their remaining differences; the US was prepared to "see the process moved into high gear" within days, but "the EC will have to put more on the table," he added.

He was putting the US position after four weeks' talks in Brussels, The Hague and Washington between the US and EC had failed to break the farm reform deadlock which has jeopardised the Uruguay Round trade talks.

Talks continued in Brussels yesterday between Mr Richard Crowder, US farm under-secretary, and Mr Guy Legras, EC agriculture director-general.

Earlier, EC officials said fresh top-level political instructions would be needed to achieve a breakthrough and President Bush was expected to intervene.

Mr Yerxa said Mr Bush was "very involved", exploring every avenue to achieve breakthroughs. But the president was making it clear the US was not ready to accept a bad outcome, and needed to achieve large trade reforms, including agriculture. Any rumour the US was prepared to end the talks was inaccurate, Mr Yerxa added.

Mr Arthur Dunkel, Gatt director-general, has urged resumption of the farm talks in Geneva this afternoon or tomorrow. These would take place "at the Crowder-Legras level" and Mr Jules Katz, deputy US trade representative, would be in Geneva, Mr Yerxa said. But the EC would have to offer deeper export subsidy cuts. All farm import barriers, without exception, had to be converted into tariffs. A clear definition of which domestic supports to farmers would be allowed was needed; otherwise room would exist for evasion.

Congress would address changes in US Section 22 legislation which maintains quotas on US imports of peanuts, sugar, dairy products and cotton only in the context of a satisfactory overall accord which included comprehensive tariffication. Brussels' "rebalancing" demand under which it would be allowed to keep on restricting non-grain feedstuff imports was out of the question.

In Brussels, Mr Ray MacSharry, EC farm commissioner, said the EC had cut its demand to a level to affect only 10m tonnes of grain substitutes instead of the 60m tonnes originally sought.

Referring to a Brussels plan to boost competitiveness of the EC electronics industry by increasing public spending on R&D, Mr Yerxa said such an announcement was ironic when the US and EC were discussing enhanced farm subsidy disciplines.

Strong disagreement already prevailed in industrial subsidy talks in the Uruguay Round; the US would not condone such practices. A result in services was achievable, he added. The US needed a high level of liberalising pledges from other countries and an accord setting out rules. Other areas of the Round were "poised for final trade-offs".

Call for release of Aung San Suu Kyi on Nobel prize day

Burmese troops confront students

By Our Foreign Staff

BURMESE troops surrounded Rangoon University yesterday when students held a rally to call for the release of Aung San Suu Kyi, the Burmese opposition leader and 1991 Nobel peace prize winner who has been under house arrest since July 1989.

In Oslo, Mr Alexander Aris, the 18-year-old son of Aung San Suu Kyi, accepted the Nobel prize on her behalf. He said in his acceptance speech: "The Burmese people can today hold their heads a little higher in the knowledge that in this far distant land their suffering has been heard and heeded." The ceremony was also attended by her husband Mr Michael Aris, a British academic, and their other son Kim, who is 14.

The student rally was the most significant protest against the country's authoritarian government since Aung San Suu Kyi was arrested. Armed Burmese troops surrounded the campus and later dispersed a crowd of about 2,000 people who had gathered outside the university.

Reuters news agency quoted the Japanese foreign ministry as saying that about 700 students had gathered on the campus.

The Japanese ministry said some students outside the university hurled stones towards riot police but it was not clear what happened to them afterwards.

The Japanese embassy said university authorities closed the gates when the students started their protest, apparently to prevent others from entering the campus.

As security forces dispersed the crowd at about 2.30pm some 50 students outside the campus shouted "do ahye, do ahye", a slogan popular during the 1988 uprising for democracy meaning "our struggle", the diplomat said.

Biwott freed due to lack of evidence in murder case

By Julian Ozanne in Nairobi

MR Nicholas Biwott, the former Kenyan cabinet minister, who was arrested two weeks ago in connection with the murder of a former foreign minister, was released from police custody last night.

Another former government official was charged with the murder.

The release of Mr Biwott is likely to inflame political passions in Kenya. The pro-democracy opposition have alleged that the government would never charge Mr Biwott, once the second most powerful man in the country.

The opposition have suggested that he might implicate other high level government officials in any testimony on corruption, the issue thought to be the motive behind the murder last year of Dr Robert Ouko, the then foreign minister.

Mr Philip Kilonzo, the commissioner of police, said last night that he had to release Mr Biwott and Mr Hezekiah Oyugi, a former permanent secretary in the Office of the President, because he had not "as at this stage, found sufficient evidence to justify their arraignment in court".

Both men were named as prime suspects in the murder last month by a Scotland Yard detective giving evidence at an inquiry into Mr Ouko's death.

Right-wing writer Buchanan to run against Bush

By George Graham in Washington

MR Patrick Buchanan, the right-wing US political commentator, yesterday launched his bid to return to the White House where he has served as speech-writer to three presidents.

Mr Buchanan announced that he would challenge President George Bush for the Republican party's nomination in the New Hampshire primary next February.

"Why am I running? Because we Republicans can no longer say it is all the liberals' fault," Mr Buchanan said. "Ten weeks in New Hampshire, just me against the president of the United States. Pat Buchanan representing the conservative cause against a president who has walked away from it."

The bulldog-jawed Mr Buchanan, who has never run for office before, has become perhaps the most visible spokesman for the right wing in the US with his newspaper column and regular appearances on television talk shows.

He acknowledges that it will be "almost impossible" to beat the incumbent president, although opinion polls show that even before declaring his candidacy, he appeared likely to win more than 15 per cent of the Republican vote.

Mr Buchanan said his only hope of winning the nomination was to force Mr Bush out of the race.

But his candidacy could weaken the president by deepening an ideological rift in the Republican party on economic policy, on the US's posture in world affairs, and on social issues such as abortion.

Mr Buchanan's attack on Mr Bush yesterday focused on the president's abandonment in 1990 of his pledge not to raise taxes, and on his recent acceptance of a civil rights bill – two areas where the Republican right wing has accused him of selling out. He also called for a sharp cut in the US military presence overseas and for a "new nationalism" in trade negotiations.

The tax issue, in particular, could win him strong support in New Hampshire, which cultivates a fierce resistance to taxation.

Mr Buchanan tackles many of the same issues as Mr David Duke, who last week declared his candidacy for the Republican nomination but will not be running in New Hampshire.

He could be vulnerable to some of the same accusations as Mr Duke. He has not managed entirely to shake off charges of anti-semitism levelled at him last year. "I'm not going to walk away from my views simply because David Duke takes them," he said.

Mr Buchanan has the backing of the Manchester Union Leader, a conservative New Hampshire newspaper which some analysts give credit for Mr Ronald Reagan's primary win over Mr Bush in 1980.

Efta signs deals with E European states

By Frances Williams in Geneva

MINISTERS from the seven nations of the European Free Trade Association (Efta) yesterday signed trade co-operation accords with the three Baltic states, Bulgaria and Romania, paving the way for negotiations of free trade agreements between Efta and the five former Soviet bloc states.

Efta – whose members are Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland – expects to complete early next year free trade pacts with Poland, Hungary and Czechoslovakia which will provide for free circulation of industrial goods and a limited range of agricultural products. Negotiations will have taken only 18 months from the signing of trade accords in June 1990.

Free trade agreements with the Baltic states, Bulgaria and Romania will take longer to put in place, because their economic reforms are less advanced, Efta officials say.

For these countries, closer ties with Efta represent an important step towards eventual membership of the European Community as well as a much-needed immediate fillip to trade.

Once they are in operation, the free trade agreements should qualify Poland, Hungary and Czechoslovakia to join Efta, through which they would be able to apply for membership of the European Economic Area (EEA), the giant free trade zone agreed by the EC and Efta in October.

Participation in the EEA, which is due to take effect in 1993 if the European court gives the green light next week, requires countries to be members of either the EC or Efta.

Poland, Hungary and Czechoslovakia last month concluded separate trade agreements with the Community which envisage eventual EC membership some time after the year 2000. The EEA, which extends to Efta nations the Community's single market in goods, services, capital and labour, could prove to be a faster route for them.

Efta signs deals with E European states

By Frances Williams in Geneva

Can you spot the typical European?

The concept of a "typical European" – an abstract man-in-the-street sometimes used as a basis for corporate strategic planning – is rooted in a misunderstanding. Indeed, the closer you look at the New Europe, the more clearly its complexities stand out.

Even within the Common Market, Europeans aren't all alike.

This is due not only to obvious historic, linguistic, cultural and economic causes. It also reflects a tendency towards greater structural differentiation.

This trend will no doubt intensify in view of the desire on the part of some EFTA countries to join the EC and given the recent decision to create the European Economic Area (EEA).

And ultimately, the success of economic reform in Central and Eastern Europe will also have a substantial impact.

Among other things, the more liberal environment in the future could lead to a merger of national economic centers into larger, regional markets, without regard to internal political boundaries.

Markets for goods and services will change, and there will be an increase in the international division of labor. And of course, competition will heat up.

Dynamic companies who wish to consolidate or expand their positions in the New Europe will be dealing not only with one of the most interesting of the world's regions, but also with one of its most complex marketplaces.

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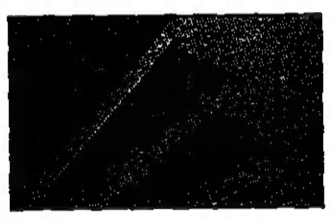

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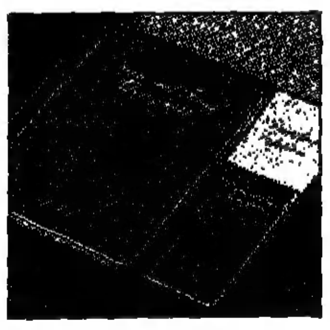

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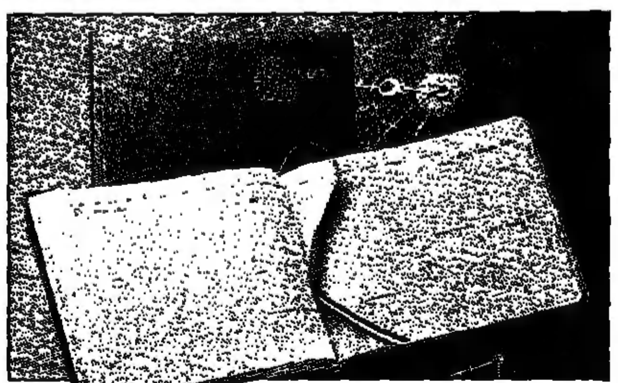

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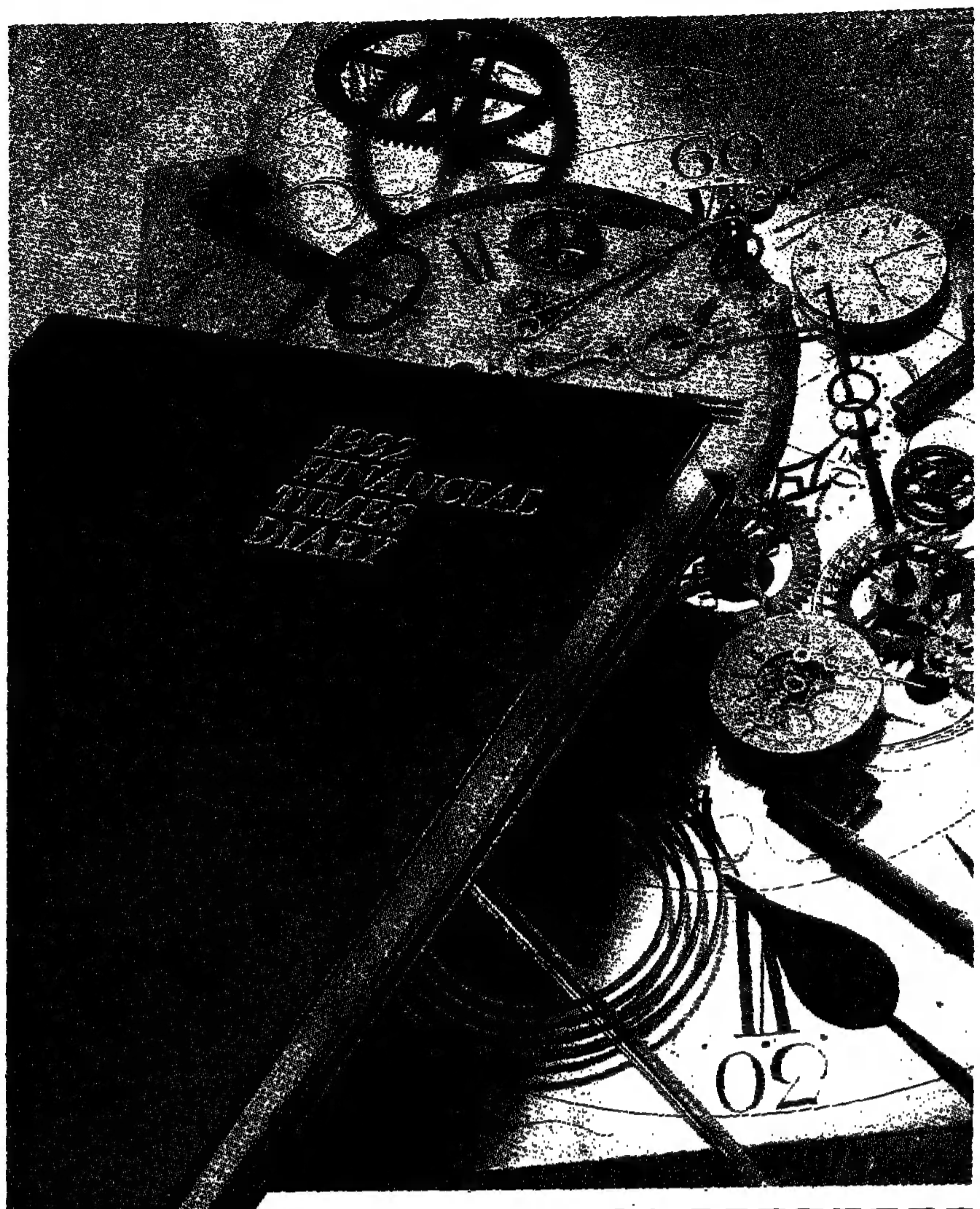

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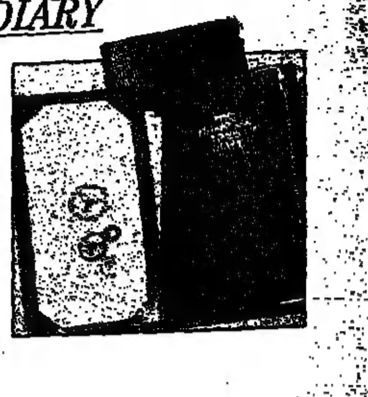

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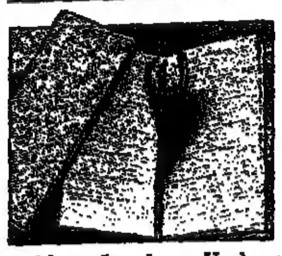

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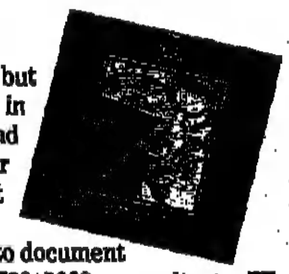

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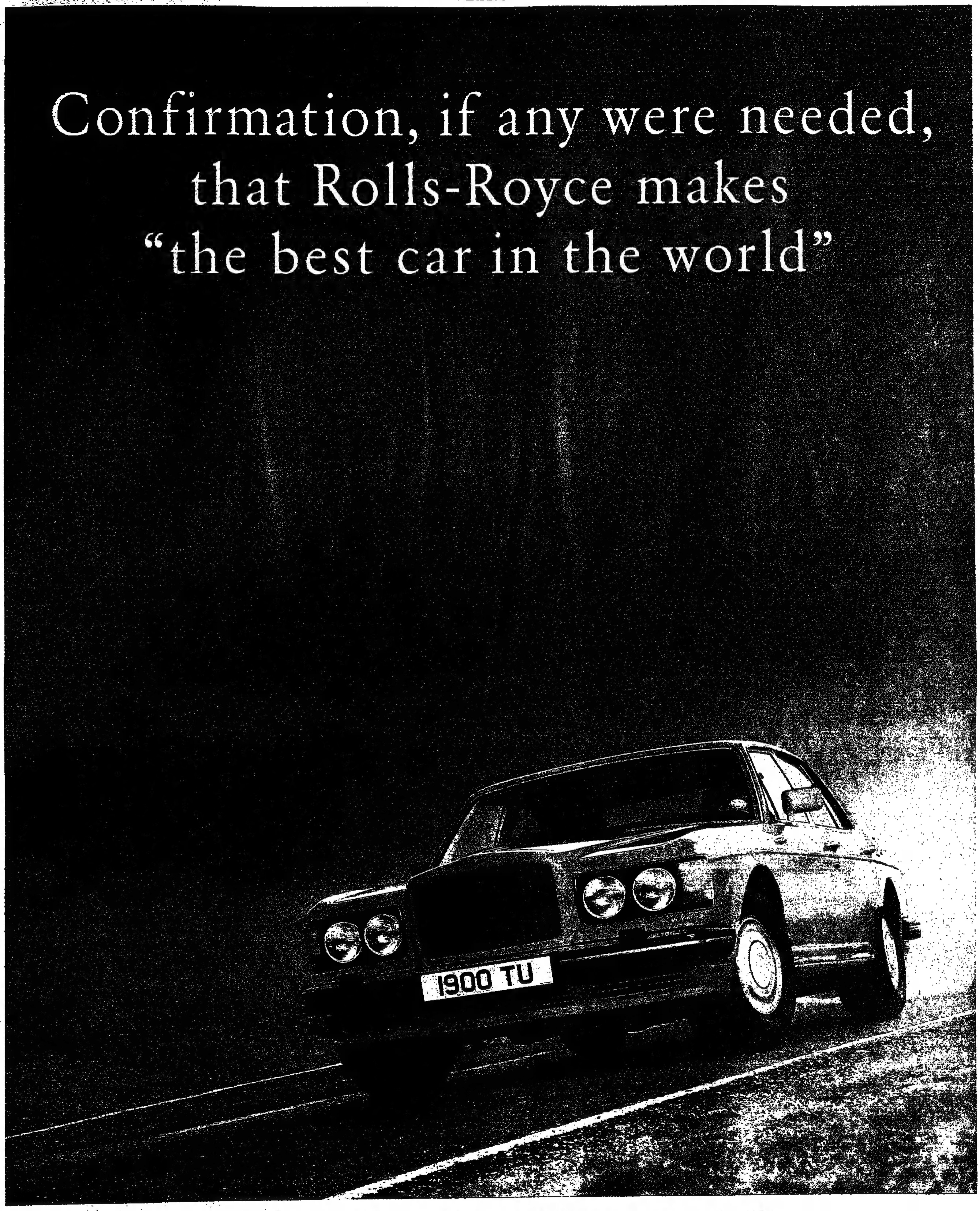
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UK NEWS

UK satellites to carry electronic research tests

By Daniel Green

BRITAIN'S next satellites to be sent into space will contain a set of electronic research experiments, a parliamentary space committee revealed yesterday.

Two satellites have been built by the Defence Research Agency, part of the Ministry of Defence and formerly Royal Aircraft Establishment.

They will carry out tests on solar cells, space computers, and electronics built to resist cosmic and solar radiation and electrical discharges.

The aim of the research is to improve the performance of geostationary satellites, which suffer the rigours of outer space for years on end. Geostationary satellites are usually for communications.

There were suggestions from the aerospace industry yesterday that experimental solar cells were made from gallium arsenide, a compound that replaces silicon in microchips.

Both new satellites should be launched on the same Ariane 4 rocket in mid-1993 from Kourou in French Guiana. The exact date is being negotiated with Arianespace, the multinational space transport company based in Paris.

Wholly British satellites are uncommon. Apart from the Defence Research Agency, only the University of Surrey and satellite television broadcasters have launched them.

Because the two UK satellites are small, 50 kilograms, compared with a payload on Ariane 4 of up to 4200 kilograms, the launch costs are low. Industry sources yesterday said that a 50 kilogram satellite would cost $250,000 to launch. The cost of construction is about £500,000.

Most UK equipment goes in satellites assembled by the European Space Agency. The ESA has an experiment on the UK satellites.

The experiments on the two UK satellites will examine the effects of the earth's natural radioactive belts on electronic components. They will test a method of reducing the electric charges that build up on a satellite and which can, over a period of years, damage its working parts.

Since a satellite cannot earth the charge in a way a body near the planet's surface can the charge will be transferred to a separate body which will then be jettisoned.

Barclays to launch code for business

By David Barchard

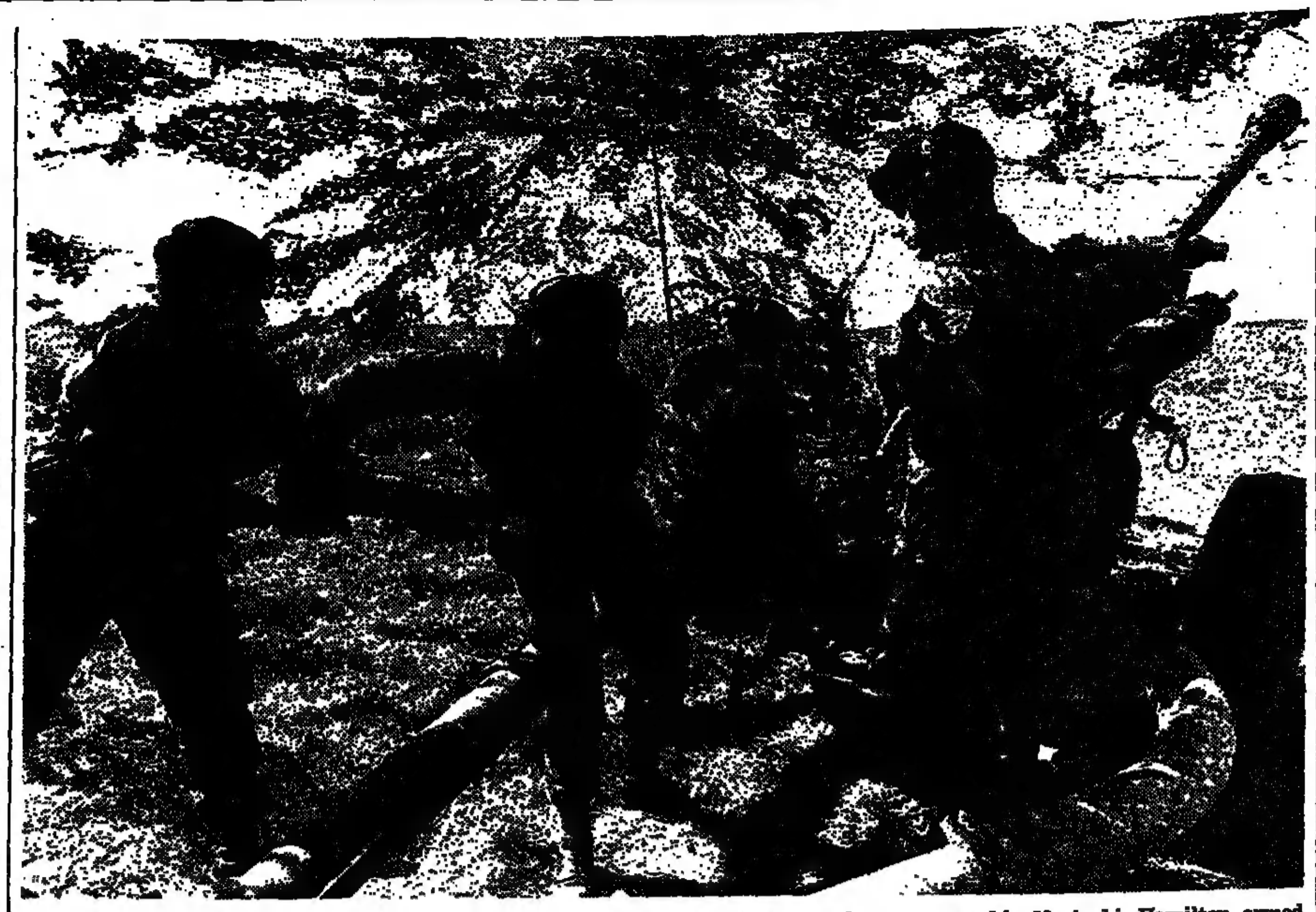
BARCLAYS BANK, the largest of the "Big Four" clearing banks, yesterday launched a code of business banking to govern relations with its small business customers.

Its appearance means that all the large banks have now published their guidelines for small business customers. The moves follow widespread accusations last summer against the banks of over-charging their business customers and providing an inadequate service to them.

The bank claimed yesterday that the code met requirements demanded last summer by the chancellor of the exchequer and went beyond them in several respects.

Barclays promises its customers that overdraft, loan agreements, and tariffs will always be confirmed in writing and that the bank will give one month's written notice of any changes on interest margins.

One month's notice will be provided for any change in tariffs and by the middle of 1992, most customers will have been given a detailed breakdown of charges. This will be followed by an indication of likely overdraft charges. Barclays is spending £3m over a year-long period to adapt its computer systems.



Under Fire: The Territorial Army – made up of volunteer part-time reservists – is to have its strength reduced by about 10,000 to 63,500, Mr Tom King, defence secretary, announced yesterday, David White writes. But he sugared the pill by promising to give the TA a more prominent role and to ensure that it is properly funded. The announcement had been expected. Although it means TA battalions face a series of amalgamations, the reduction is less severe than was at one stage feared by senior TA officers. Reorganisation measures in the RAF were announced by Mr Archie Hamilton, armed forces minister. Two bases – the RAF Wattisham fighter base in Suffolk and RAF Mount Batten in Devon – will close. The famous Dambuster Squadron, number 617, is being reassigned to an anti-warship role. Picture by Ashley Ashwood.

Fresh court move over ITV auction

By Robert Rice

THE uncertainty surrounding the validity of October's ITV licence auction increased yesterday when TVNi, the unsuccessful bidder for the Northern Ireland franchise applied for a judicial review of the Independent Television Commission's decision to renew Ulster Television's licence.

The TVNi announcement follows the Court of Appeal's decision last Thursday giving TSW Broadcasting the go-ahead to challenge the ITC's decision not to renew its franchise for the south-west region.

The second legal challenge to an ITC ruling increases substantially the chances that the new ITV network will not be in place by the beginning of 1993, the date the new franchise winners are due to start broadcasting.

The ITC would not comment on TVNi's action but pointed out that Lord Donaldson had made it clear in granting TSW's application for judicial review that he viewed the TSW action as a test case and not an invitation to other franchise losers to jump on the bandwagon. Former bidders have until January 16, three months after the date of the original ITC decisions, to lodge an application for judicial review.

Forging group lifts exports to Germany

By Ian Hamilton Fazey, Northern Correspondent

SHEFFIELD Forgemasters, one of the British companies involved in making the Iraqi supergun, has achieved a 50 per cent increase in exports to Germany since its role in the affair became known, taking a 40 per cent share of Germany's forging ingots market in the process.

The two [illegible] are not being connected by the company, which [illegible] the dramatic [illegible] are simply the result of opening [illegible] subsidiary sales and marketing company in Dusseldorf, [illegible] using agents [illegible] trying to sell directly from Britain.

However, the supergun affair publicised Forgemasters' ability as one of the few companies in the world capable of making parts [illegible] sufficient quality [illegible] withstand the [illegible] sures involved in firing the gun. Executives admit privately this has done no harm.

Forgemasters' German sales are exp[illegible] about DM27m when its financial [illegible] ends [illegible] March, compared with DM18m in 1990-91. [illegible] further [illegible] of 20 per cent is projected for 1992-93.

The company says exports are proving significant in helping it ride the UK recession.

The Dusseldorf office opened in September last year, five [illegible] after a consignment of large steel tubes for the supergun were seized by Customs officers at Teesside docks before they could [illegible] shipped to Iraq.

The company has always [illegible] tubes were for a high-pressure petrochem[illegible] project and could prove [illegible] British government approval as such.

Charges of breaking [illegible] embargo were never brought.

Forgemasters was bought by [illegible] management for £35m from British Steel in 1988 and is at present for sale [illegible] provide an exit route for financial institu[illegible] which supported [illegible] buyout. More than one buyer is believed to be considering an offer. [illegible] price is unlikely [illegible] be less than £80m [illegible] be [illegible] The company [illegible] £17.6m profit [illegible] year [illegible] £142.7m.

UK ECONOMY

Weak demand signals slowing of core inflation

By a Financial Times reporter

[illegible] inflation continued to slow last month, according to official [illegible] published yesterday which illustrate [illegible] state [illegible] demand and the pressure on manufacturers to reduce prices.

According to [illegible] Central Statistical [illegible] (CSO), the price [illegible] manufactured products [illegible] the factory gate rose by [illegible] per [illegible] October and November and was 5.1 [illegible] higher [illegible] month than in November 1990. In October, [illegible] year-on-year price increase was 5.2 per cent.

Although the November number was slightly higher than many in the City [illegible] expected, the figure supports the government's contention that inflationary pressures are being squeezed from the economy.

Ministers hope that the fall in the year-on-year rise in factory gate prices to its lowest level since October 1989 will encourage [illegible] to [illegible] in [illegible] move which could help the expected recovery.

According to another series of figures worked out by the CSO, which is thought to give a better idea of underlying trends, the fall in inflation is still greater.

Producer prices for manufactured goods other than food, drink and tobacco increased by just 4 per cent last month compared with November 1990. This measure of producer price inflation showed a 4.1 per cent year-on-year increase in October after having fallen sharply since [illegible] beginning of this year, [illegible] annual price [illegible] 6.5 [illegible] cent [illegible] in this statistical [illegible]

Output prices in [illegible] food, drink and [illegible] industries rose by an above average of 7.1 per cent last month compared with November 1990 after a 6.9 [illegible] cent annual [illegible] in [illegible]

City analysts [illegible] downward pressure on UK industry's output prices will continue. Mr [illegible] ders, UK [illegible] Salomon Brothers in London, said [illegible] economic [illegible] and slowing wage growth should push the annual rate of output prices, excluding food, drink [illegible] towards 3 per cent early next year [illegible] therefore [illegible] to recent output price [illegible] in Germany.

Prices of materials and fuel purchased by manufacturing industry [illegible] lower in November [illegible] November [illegible] In October [illegible] September, input prices [illegible] been respectively 1.8 per [illegible] and [illegible] per [illegible] levels of the comparable months of 1990.

Input price trends [illegible] adversely [illegible] by higher [illegible] prices. [illegible] input price index [illegible] by a seasonally adjusted 0.4 [illegible] October and November, whereas City analysts had generally [illegible] looking for a 0.5 [illegible] drop over [illegible] 1.2 [illegible] year-on-year decline in November.

Lex, [illegible] 18

Report urges mortgage aid for low income homebuyers in UK

By John Willman, Public Policy Editor

MORE THAN [illegible] homebuyers [illegible] low incomes should [illegible] help with their mortgage payments, according [illegible] report published yesterday by [illegible] Joseph Rowntree Foundation.

It says that a mortgage bene[illegible] help low-income homebuyers in [illegible] repossessions.

It would [illegible] make [illegible] the economy out of recession by stimulating the d[illegible] housing [illegible]

The report highlights the rising tide of mortgage arrears: [illegible] than 220,000 homebuyers [illegible] behind in their mortgage payments in the middle of 1991. And almost one in ten homebuyers were two [illegible] months [illegible] with their mortgage repayments.

Tenants [illegible] earnings [illegible] currently [illegible] housing [illegible] part or [illegible] of [illegible] unemployed homebuyers on [illegible] support are given [illegible] of [illegible] mortgage [illegible] for 16 [illegible] and 100 per cent thereafter.

But people in [illegible] buying their own [illegible] not entitled to [illegible] with their mortgage costs. The report argues that [illegible] growth in home ownership during the [illegible] spreading owner-occupation down the income scale, a safety net is needed for home-owners who fall into difficulties with their mortgages.

The proposed mortgage benefit scheme would assist some 320,000 home owners, most [illegible] lower [illegible] £13,000 [illegible] (gross income around [illegible] year). The [illegible] of mortgage [illegible] qualifying for benefit [illegible] limited, to discourage irrespon[illegible] borrowing – [illegible] report recommends [illegible] cut-off point for [illegible] 100 per cent of [illegible] should [illegible] £70 [illegible] week. [illegible] with large mortgages [illegible] receive [illegible] repayments.

Apart [illegible] giving [illegible] "fairer deal" [illegible] people, [illegible] report [illegible] mortgage [illegible] would close the "employment trap" which dis[illegible] unemployed [illegible] taking [illegible] job.

Time for [illegible] benefits. [illegible] Joseph [illegible] £7.50.

Plan to parcel up home deliveries

Diane Summers looks at reactions to the Post Office's new proposals

BETWEEN [illegible] am and [illegible] am, milk, newspapers and post – each with their separate workforces and delivery costs – are individually brought to the doorstep.

Now, this peculiarly British expectation of individual home deliveries has received a jolt. The Post Office, as part of a plan to meet financial targets set by the government, is discussing a range of radical options. They include abandoning second deliveries to people's homes, and combining mail with newspaper and milk deliveries to increase revenue.

The proposals, outlined in a confidential memorandum by senior Post Office managers and disclosed in the Financial Times yesterday, have drawn a swift reaction from consumers, trade unions and other interested parties.

Mr David Daniel, secretary of the National Federation of Newsagents, which represents 30,000 independent newsagents throughout Britain, said a move to get Post Office staff to deliver newspapers would be resisted "very vigorously". The federation fears that newsagents, as well as wholesalers, might end up being cut out completely, with newspapers being delivered straight from the publishers.

Losers would also include the 500,000 paperboys and papergirls who earn about £15 a week from deliveries, Mr Daniel said. In spite of what the federation describes as "the creeping blight of continental school hours" – earlier starts to the school day – recruitment of schoolchildren for deliveries remains healthy in most areas. About half of all newspapers are still delivered to homes.

The Union of Communication Workers, the main union representing postal workers, points out that mail, milk and newspaper deliveries [illegible] already combined in [illegible] rural areas. That may even be extended – the [illegible] said it knew of postmen [illegible] areas who transported sheep in their vans.

Mini-buses [illegible] to deliver the mail and carry passengers at the same time have been in operation since 1967 and now cover more than 170 routes in remote areas where there is no other public transport.

The union emphasises that the Post Office is the only organisation to deliver to 23m households each day, and adds [illegible] it [illegible] "happy to explore [illegible] extending helping those who can't [illegible] services in any other way".

The union is also anxious to pre-empt [illegible] attempt [illegible] Post Office to offload expensive rural services which [illegible] lead to milk delivery companies, for example, getting the franchise to deliver the post.

Senior Post Office managers are not seriously suggesting that it would be practicable to combine the delivery of mail, milk and newspapers everywhere. Rather, they want to stimulate an entrepreneurial approach at local level that might raise revenue annually of up to £2m.

But they are serious about the item at the head of a list of the top 10 cost-saving measures: single deliveries to domestic addresses. Senior executives estimate that this might save £80m a year in wages and a further £100m over five years in assets.

The internal memorandum [illegible] that the move to single deliveries is "absolutely essential but with political implications". No move is expected until well after the general election, but it is very likely that the idea will be revived in some form after that if the Conservatives win.

The Communication Managers' Association, which represents supervisory grades of Post Office staff, said yesterday it was "acutely aware that the outcome of the next general election will have an important effect" on Post Office services. Mr Terry Deegan, general secretary, said the association "would welcome a sensible discussion about future service options, although it is opposed to any enforced changes resulting from government-imposed financial targets."

The UCW is clear about its opposition to single deliveries. The potential for job losses among the 150,000-strong workforce is far-reaching. The internal Post Office memorandum says: "We will need some means of getting people off the payroll and we are already carrying surplus staff now in some delivery offices."

The union also says there is widespread public opposition to cutting deliveries: "If it ain't broke, don't fix it."

The Consumers' Association, however, does not write the proposal off. Ms Sue Bloomfield, a senior CA policy officer, said yesterday a single delivery might be acceptable to consumers if there were some trade-off, for example in lower stamp prices.

Sir Bryan Nicholson, Post Office chairman, said in September he could imagine "the scenario where the public would want a different pattern of service." That might include one delivery a day.

New technology, such as the CFC sorting machine above, could revolutionise services

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TIMES

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DAY

MANAGEMENT

London Transport is making [redacted] great effort to improve its service at last, says **Richard Tomkins**

It's our fault, we admit it

London Underground is no slouch when it comes to finding reasons why its service is [redacted]atisfactory. This time, however, it has [redacted] up with the mother of all [redacted]

Chronic underfunding, depressed [redacted] levels, the rising [redacted] table, [redacted] the [redacted] – all the usual explana[redacted] have [redacted] pushed aside in favour of something [redacted] before imagined.

Apparently, [redacted] all the management's fault.

In an audacious poster [redacted]paign currently permeating [redacted] system, London Underground admits its performance [redacted] poor and promises better things in [redacted] shape [redacted] Company Plan.

Over [redacted] next three [redacted] passengers are told, a radical programme of change will turn the Underground into [redacted] modern, well-run railway in [redacted] everything [redacted] on achieving [redacted]

By now, baffled [redacted] are likely to be asking themselves at least two questions. Is this just [redacted] crafty [redacted] of defusing [redacted] criticisms [redacted] the railway for the next three years? If not, why [redacted] these changes car[redacted]

To [redacted] the first question: no, [redacted] Denis Tunnicliffe, [redacted] Underground's managing director, [redacted] not a fudge. And the reason the changes have had [redacted] till now is in the railway's recent history.

Throughout the 1970s and early 1980s, passenger numbers [redacted] Underground declined, [redacted] with them the motivation to manage the railway any better. Then, just [redacted] numbers started [redacted] the King's [redacted] in 1987.

From [redacted] point onwards, says Tunnicliffe, safety became [redacted] overriding priority. [redacted] was crisis management: costs leaped as manpower and cash [redacted] poured into risk prevention. Meanwhile [redacted]riorated [redacted] incessant alarm [redacted] and [redacted] need to strip [redacted] potential [redacted] hazards.

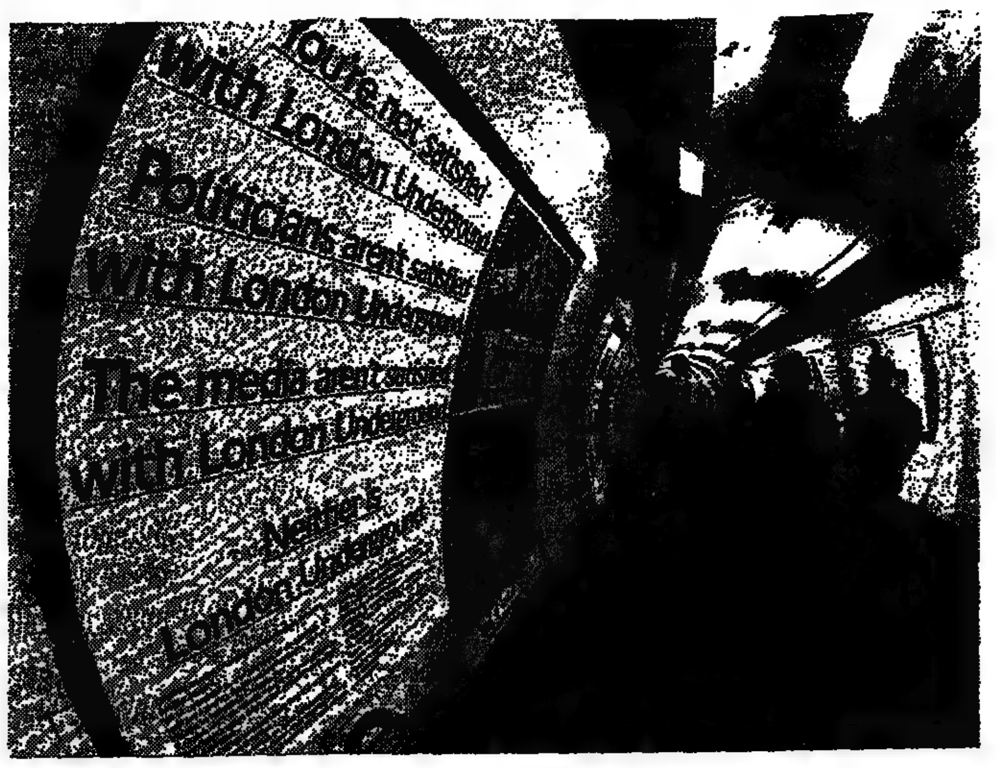
So strong was the emphasis on safety that the management only [redacted] efficiency [redacted] Tunnicliffe. It set up 30-40 "value analysis" teams each comprising four [redacted] six [redacted] them out across the rail[redacted] investigate how it could [redacted]

"What we expected [redacted] find [redacted] a series of modules of underperformance where we could make savings," [redacted] Tunnicliffe.

"But we didn't find that. Instead [redacted] of [redacted] where [redacted] could do better – so many that, rather than pick them [redacted] by [redacted] decided [redacted] bring them together into a Company Plan."

There are [redacted] main [redacted] to [redacted] plan. The first is an onslaught on labour [redacted] The 3,000 extra jobs added since King's Cross will be more than wiped out by a cut [redacted] 5,000, leaving the total at 17,000.

[redacted] will not [redacted] in the process, [redacted] Tunnicliffe. [redacted] working prac[redacted] slowly being abolished while many [redacted] such as station and train [redacted] contracted out. An example of [redacted] savings potential is the archaic [redacted]ment under which drivers' shifts [redacted] 8 hours 1 minute. In practice, it is almost impossi[redacted] the Underground to cre[redacted] which employ drivers [redacted] for [redacted] whole of their shifts. The introduction of flexible rostering – accepted years ago by British [redacted] – will enable the Underground to [redacted] shift lengths, with [redacted] consequent [redacted] of 600 drivers' jobs.



Once redundancy costs have [redacted] met, efficiency savings are expected [redacted] lower [redacted] Underground's [redacted] by [redacted] a [redacted] by 1995. The implication is that passengers will benefit through the freeing [redacted] resources for investment.

In practice, [redacted] danger is that the government will simply pocket the [redacted] by reducing London Underground's subsidy. Even [redacted] Tunnicliffe, the [redacted] prong [redacted] plan holds out the [redacted] better [redacted] for passengers.

Better training is part of the plan. Station staff will be made interchangeable with one another to make their jobs more varied and interesting.

[redacted] the engineering [redacted] the emphasis will switch from cure to prevention. "We have got to mend the kit [redacted] it fails," [redacted] Tunnicliffe.

But the single most important improvement [redacted] Underground is planning [redacted] getting the train intervals right. [redacted] Tunnicliffe explains, it may not sound particularly [redacted] if trains [redacted] run at [redacted] min intervals run at 1 min and 3 min intervals instead: but the [redacted] 75 per [redacted] of [redacted] per cent higher passenger loadings than they should do.

The solution, [redacted] Tunnicliffe, is discipline and training. Much if it is simply a matter of making sure the train begins its journey at the scheduled time, rather than at the convenience of [redacted] driver ambling [redacted]ly towards his cab. After that, it is down [redacted] the line controllers to put much more effort [redacted] preventing the bunching.

"We are [redacted] to get [redacted] right even if it means putting people on [redacted] platforms with clipboards [redacted] control the trains," [redacted] Tunnicliffe.

That will not stop the disrup[redacted] from equipment failures, fire alarms or security [redacted] Tunnicliffe [redacted] in management philosophy will make [redacted] incidents [redacted] frequent.

"Every time there is an incident we will assume it is the management's fault and scratch away at it it until we find a way of stopping the same thing happening again."

If much of this sounds blindingly simple and [redacted] overdue, Tunnicliffe [redacted] But then, [redacted] Underground is not [redacted] only British business to [redacted] come [redacted] an appreciation [redacted] the need for radical management [redacted], he says. The [redacted] industry took [redacted] time, [redacted]

Tunnicliffe also slips in a ref[redacted] to the fact that he only joined the railway as MD in 1988: in other words, don't bl[redacted] what went before.

"My executive [redacted]irectors and I cannot stay if this plan does [redacted] work," he says. "We will have no [redacted]"

Benefits of a seven-year itch

Alan Pike on a lengthy struggle to get computers into social security offices

The computerisation of Britain's social security [redacted] – [redacted] largest programmes of business change ever – has just been completed. The project lasted seven long years, and that was relatively quick: an earlier attempt took 20 years, only to end in failure.

[redacted] 1960s, [redacted] security service was a world [redacted] computer systems [redacted] paying pensions and maintaining national [redacted] records. But attempts [redacted] extend computerisation [redacted] other benefits failed. Indeed, by the early [redacted] there [redacted] a single [redacted]puter in a [redacted] social security [redacted] continued [redacted] benefits of some 20m people manually – with hours of drudgery and 10-20 [redacted] a result.

The previous attempts [redacted] computerisation throughout [redacted] benefits system [redacted] amid techni[redacted] problems. However, [redacted] was [redacted] management failure, according [redacted] Keith Burgess, managing partner [redacted] Andersen Consulting which helped [redacted] Department [redacted] Security [redacted]

The [redacted] problem was that not [redacted] of the civil [redacted] who [redacted] on [redacted] in January 1983, [redacted] still with it by the end. The effects of annual budgeting, frequent [redacted] changes and shifting political priorities made it difficult for the civil service [redacted] remain focused [redacted] long-term goals [redacted] a period [redacted] years.

In [redacted] the exercise involved linking more than 70 mainframe computers in six locations. In managerial terms it required the formation of teams [redacted] carry the project forward. It also meant convincing [redacted] in [redacted] the previous [redacted] attempts, that success could be achieved.

Complex as the information technology [redacted] Burgess saw the implementation primarily as a [redacted]ment exercise: "This was a business project with [redacted] high IT content".

[redacted] important [redacted] in maintaining [redacted] motivation [redacted]ing on the scheme was the development of [redacted] big idea – the Whole Person approach to delivering benefits. [redacted] equipping the computer with [redacted] central address file of [redacted] population with a [redacted]plete picture of [redacted] It involved abandoning [redacted] old system [redacted] handling claims benefit-by-benefit. A simple [redacted] many [redacted] was none the less novel enough [redacted] maintain enthusiasm for the project.

"There [redacted] people who knew they faced personal career risks if they became associated with [redacted] new initiative [redacted] failed," [redacted] Burgess. "There [redacted] people who said it would never happen and people who told us [redacted] were messing it up. And then, when [redacted] got there, [redacted] people [redacted] told us there would have been cheaper and better [redacted] of doing it."

[redacted] found the civil service very skilled [redacted] "running clerical factories where people [redacted] same thing every day." But for the computerisation to work, this operational culture had to be replaced by a project culture based [redacted] meeting quality [redacted] timetable requirements.

The staff training scheme which preceded the arrival of terminals in local offices is believed to be the largest of its type ever undertaken in [redacted] UK. Nearly 34,000 employees underwent 10-day training programmes at the rate of 1,400 [redacted] fortnight [redacted] area training centres. Most began the courses lacking even basic keyboard skills.

[redacted] the [redacted] came on line productivity dropped – a standard occurance with the introduction of new work practices, but one which doubters exploited to the full. After a [redacted] dip, however, it began rising and Michael Bichard, chief executi[redacted] of the Social Security [redacted]efits Agency, estimates [redacted] now [redacted] by a [redacted] per [redacted]

At [redacted] height 2,000 people [redacted] working in [redacted] implement the programme. Although the new system has cost around £1.5bn, it is scheduled to produce annual savings of £150m by 1995, [redacted] well as [redacted] efficient service.

Everyone working on the scheme, says Burgess, went away feeling that they had experienced a once-in-a-career opportunity. "It is without peer in the commercial world and probably the defence world. There simply hasn't been the introduction of another system combining [redacted] complexity before."

A helping hand for women

European employers have come some way, it [redacted] since the days [redacted] they filled [redacted] jobs via the Old Boys' network and then found, to their astonishment, that all their senior posts were filled by men.

One in every three [redacted]nies in the European Community is now practising "affirma[redacted] action" and is actively searching for [redacted] candidates to fill top jobs, according [redacted] covering over 500,000 European employees.

"Affirmative action" is the US term for equality pro[redacted] that may include quotas for the employment of women. The concept of quotas has, until now, met with resistance in Europe; in some countries, for example the UK, it remains outlawed.

The apparent trend in Europe towards affirmative action is matched, finds the survey, by enthusiasm for other measures to improve the chances [redacted] women reaching management positions:

- General management train[redacted] specifically for female employees is being provided by 43 per cent of companies;
- "Mentoring" – individual guidance provided by senior [redacted] to more junior female colleagues – is being practised by 30 per cent;
- [redacted] pathing", described as a system of career goals, is in [redacted] in 23 per cent
- "Multi-cultural postings" – experience in other countries to provide a broader perspective – is specifically aimed at women in 13 per cent of organisations;
- "Cross-functional" career experience, with women targeted to carry out a [redacted] of jobs across the organisation, is available in 27 per cent

This last initiative is [redacted] combat [redacted] "glass elevator" – [redacted] cousin of the better-known "glass ceiling" which presents women with an invisible barrier to achieving top positions.

Diane Summers

Europe's Glass Ceiling by Rebecca Rolfes. Available from The Conference Board Europe, Avenue Louise 207, bte.5,B-1050 Brussels, Belgium. Price 20 Ecu to non-members

هكذا من الأصل

ARTS

TELEVISION

Who dares, wins

Let us now praise *Cop Rock*. At a time when television drama is being forced more and more in[illegible] the deeply worn channels which broadcasting chiefs believe will produce high ratings, *Cop Rock* dared [illegible] be different. True, it was about the Los Angeles Police Department, a subject with which some might say the world is already too familiar, but the format was unique: not quite a full blown rock opera it was, nevertheless, a TV musical, and not a one-off production but a 10-part series. From rock ballads to soul numbers, from up-beat ensemble singing to poignant solos, *Cop Rock* covered the waterfront of contemporary popular singing. The music may not have been up to Cole Porter's standards but it was considerably better than Lloyd Webber's. Once in a while there was even some dancing.

Finding a highly original form for something as familiar as the television police series is reason enough for celebration, but there was more than that to *Cop Rock*, as anybody might have hoped who spotted that it was created by Steven Bochco and William M. Finkelstein, Bochco being the creator of *Hill Street Blues*. It was not simply that *Cop Rock* used the same "busy busy" techniques familiar from *Hill Street Blues*, with the intertwining of a multitude of stories, visually emphasised by the multitude of people passing before the cameras to make it seem abnormally vivid and real. True, that technique was used in *Cop Rock* and – in contrast to the many series which tried to mimic *Hill Street Blues* and failed – it worked once again.

This time, however, instead of a bouquet [illegible] new stories [illegible] with only [illegible] human relationships of the police running as a light connecting thread through the series, we were given one main story which continued throughout the 10-parts (the cynical "execution" by Detective LaRusso of the black drug dealer who had killed a policeman but would have evaded justice on a technicality, and LaRusso's subsequent trial) plus other individual stories each week (the drug bust which pulled in a politician's secretary, the chivvying of down-and-outs from pillar to post, and much more).

Alongside these was an even stronger set of human relationships than in *Hill Street Blues*: the romance in the autumn of life between the lady mayor and her chief of police, with the crazy yet touching scene in [illegible] Painted Desert (he is a Wild West freak) where she admits to being the oldest virgin in America: "Be gentle with me Roger"; the marital difficul[illegible] between forensic officer Ralph Ruskin and his wife, another cop; the partnership difficulties between the young white rooky Gaines, who wants the public to love him, and his wise old black team mate who knows they won't . . . and so on.

There is a ridiculous snootiness in Britain about American television in general and drama in particular: it is habitually dismissed as slick, violent, and superficial. We are told it all looks as though it comes off the same production line. There is some justification for the accusation of undue violence, though there is less now than there was 10 years ago and there was very little in Cop Rock.

For the rest, it seems to me increasingly clear that the criticism is aimed in the wrong direction. If you want to find a television service where drama departments are sticking more and more anxiously to the tried and tested, then look no further than Britain. If matters continue for long as they are the British will be producing nothing but beautiful adaptations from period novels. They are, it is true, awfully good at this: if you want actresses who look as though they were born in stays and bustles, and actors who might almost be wearing their own Fair Isle sweaters and driving their own vintage sports cars (come to think of it, they probably *are*) you need look no further than Britain. *Ashenden* may have been remarkably slow, and interestingly devoid of action but the sense of period was intense.

At present, when they put their minds and their budgets to it, as in ITV's *Red Fox* which began on Sunday, the British can still turn out a contemporary thriller as fast and slick as any in the world. It came as no surprise to discover that Ian Toynton, who has directed some of the most impressive episodes of *Minder*, was both co-producer and director of *Red Fox* which could not be faulted on production values. The locations in England and France were fresh and unfamiliar, the casting – Jane Birkin as the wife of a kidnapped British businessman, John Hurt as an ex Special Branch man hunting the kidnappers – was imaginative, and the photography and editing were everything we have come to expect from Toynton, master of the slam bang urban drama.

But any honest viewer would have to admit that the fast driving of the new cars, the board meetings in plush offices, even the tense "Keep them talking!" scenes when the kidnappers make their phone calls, however well done, are all terribly familiar. Since the coming of the glossy, brittle spy thrillers in the 1960s we have seen it all scores of times. What is the last truly imaginative and original British television drama series you can [illegible] – [illegible] *Singing* [illegible] (which [illegible] a weirdly [illegible] for *Cop Rock*)? *Edge Of Darkness*? They were made six and seven years ago respectively.

Who makes a fantastical series about a moralistic lion-man living in the tunnels under the metropolis? The Americans do: *Beauty And The Beast*. Who makes a bizarre series about out-of-control time travellers? The Americans do: *Quantum Leap* (in a strong tradition, incidentally, going back to *The Twilight Zone* and *The Outer Limits*). And who, while British television is yet again fussing over the authenticity of the walnut fittings in a 1910 third-class railway carriage, has made another triumphant non-naturalistic series in which you are never quite sure whether it will be the cops, the hookers, or the drug addicts who will next burst into song? Right, the Americans again: *Cop Rock*.

It was a pity that, instead of the songs [illegible] forward the narrative as in the best stage musicals, the action tended to stop for the music, so that the songs seemed more like additional entertainment than an integral part of the drama. Despite that they never felt false or artificial, and the total effect was of a hard-driving, fast moving, very knowing and modern sort of television. This was a series that had taken on board not only *The Selling Of The President* but *The Bonfire Of The V*[illegible]. No [illegible] how appalling [illegible] problems in [illegible] US today [illegible] drug addiction, police entrapment, political corruption, [illegible] gun law, racism, the sex war, poverty.

More impressive still, [illegible] all [illegible] a [illegible] degree [illegible] good [illegible] sionally try to treat such subjects in [illegible] the results, [illegible] (in *Casualty* [illegible] instance) [illegible] something [illegible] by [illegible] of lecturers from [illegible] training school for social workers. *Cop Rock* managed [illegible] subjects [illegible] victiml[illegible] drug [illegible] with[illegible] seeming [illegible] finger in [illegible] viewer's face. Its achievement [illegible] perhaps [illegible] exemplified in [illegible] penul[illegible] episode [illegible] when [illegible] put on [illegible] and went out to entrap men on the [illegible].

[illegible] told [illegible] arresting [illegible] "I just [illegible] you to know that of all the sexual experi[illegible] I've [illegible] had, none [illegible] as deeply [illegible] being [illegible] by you!" whereupon [illegible] masochist: "[illegible] if I long for [illegible] leather strap, [illegible] heels up and down my back; or some large lady with [illegible] heart of gold, to tie me up and make me do exactly what I'm told?" [illegible] print [illegible] extraordinary success of this number in combining [illegible] pathetic [illegible] It [illegible] chutzpa: [illegible] mind boggles [illegible] they would make of such a subject in *The Bill*.

Christopher Dunkley

Unique format: some of the all-singing, all-dancing police in 'Cop [illegible]'

Fact and Fancy

SADLER'S WELLS

When Paul Taylor plays a trick, or builds his dances around [illegible] are [illegible] both by the trick and by Taylor's skill in making [illegible] work. The second programme in the present season by [illegible] company begins with *Esplanade*, whose "trick" [illegible] that there [illegible] no dance steps in it. Walking, running, falling, comprise the vocabulary [illegible] a work of irre[illegible] vitality and sincerity. That with these simplicities Taylor can [illegible] Bach's D minor two violin [illegible] (music that inspired [illegible]chine in *Concerto Barocco*) [illegible] not really surprise [illegible] so sure is his musical [illegible]. In the largo, Taylor [illegible] duets where [illegible] girl walking over the reclining body of [illegible] partner, or women swung joyously from the men's arms, seem [illegible] right and beautiful [illegible] Balanchine's choreographic marvels. In [illegible] final allegro, [illegible] dancers [illegible] and [illegible] in an ecstasy [illegible] falls and recovery, [illegible] intoxicated by their [illegible] and resilience. The [illegible] – if such a dazzling [illegible] a trick – [illegible] marvel.

In [illegible] succeeding [illegible] *Fancy*, [illegible], the [illegible] the dance [illegible] wild development from [illegible] of Taylor's [illegible] ing jokes – [illegible] *Epitaphs*. In this, [illegible] from [illegible] Lagoon, loped and flapped and [illegible] prey [illegible] crazed moments [illegible] primeval [illegible] burbled around [illegible]. *Epitaphs* now becomes [illegible] springboard from which [illegible] 18 mem[illegible] company [illegible] party where logic [illegible] long been buried, [illegible] tuming – basic undergarments, knee-pads, pot [illegible] and bits of the black coveralls from *Epitaphs* – is as wild as [illegible] incidents which are played out to [illegible] music. People dance. Mary Cochrane gets a birthday cake. [illegible] clean [illegible] floor, as well as bits of dancers, with obsessive [illegible] while Christopher Gillis (who has indulged in a moment [illegible] muscle-flexing) [illegible] involved with [illegible] newspaper, and echoes and twitches from *Epitaphs* haunt [illegible]. Maybe it [illegible] a madhouse [illegible] inmates think they [illegible] rehearsing [illegible]. We must not [illegible] for [illegible], but accept [illegible] for [illegible] inconsequentialities that they are – or are not – and [illegible] with [illegible] fun of the [illegible].

Both pieces [illegible] marvellously [illegible] – the Taylor [illegible] looks stronger than ever – and [illegible] *Kingdom*, [illegible] ended [illegible] evening, was also given with tremendous [illegible]. This [illegible] Taylor's view [illegible] man as [illegible] social [illegible] are barely skin deep, [illegible] of [illegible] polite. As Corelli con[illegible] grossi [illegible] by percussive interruptions, [illegible]ing [illegible] oddly [illegible] the brute. It [illegible] cunningly [illegible] piece, [illegible] like everything [illegible] the repertory [illegible]. It holds [illegible] audience through dance that speaks with a magnificent humanity as well as an unerring sense of [illegible].

Clement Crisp

Volans' 'One Hundred Frames'

ULSTER HALL, BELFAST

[illegible] 1949, [illegible] very much an Irish composer by adoption: between [illegible] and [illegible] he taught [illegible] Queen's University, Belfast, and now lives in County Donegal. On Friday the Ulster Orchestra gave the premiere [illegible] his [illegible] work, [illegible] *Frames*, commissioned [illegible] funds from the Northern Ireland Arts Council [illegible] Ltd.

The series of [illegible] pieces that dominated his [illegible] in [illegible] especially [illegible] success [illegible] first string quartet [illegible] *Sleeps* which [illegible] vividly promoted by the [illegible] Quartet, [illegible]lished [illegible] a distinctive [illegible] in new music but [illegible] only [illegible] partial perspective on his development. Hearing [illegible] works, with their [illegible]ing rhythmic patterns and melodic vitality, it is [illegible] forget that Volans is [illegible] thoroughbred post-modernist, [illegible] for[illegible] pupil [illegible] both [illegible] and Kagel, an admirer of Morton Feldman, and the [illegible] in 1984 of [illegible] *Gardeners*, a fascinating collection of conversations with [illegible] English-speaking contemporaries.

[illegible] piece is part [illegible] the [illegible] that strand in his music. Volans describes it [illegible] "most abstract [illegible] my pieces [illegible] date . . . there [illegible] no narrative, no drama, no hidden agenda". [illegible] commission specified a work [illegible] Japanese connections, and [illegible] title nods towards [illegible] *of* [illegible] *Fuji*; it uses 100 chords and was composed on 100 [illegible] manuscript [illegible] but [illegible] the conceptualism [illegible] and [illegible] is an exploration of [illegible] colour and [illegible] of [illegible] articulation and melodic seam[illegible].

Feldman seems [illegible] likely reference point; in the gently lapping [illegible] up [illegible] bulk [illegible] 20 [illegible] of [illegible] *Frames*, in which [illegible] must justify [illegible] own independent existence, [illegible] is something of the contempla[illegible] of [illegible] American's [illegible] works. There are passing glances elsewhere – [illegible] clarinets and revving horns evoke *The R*[illegible] *of Spring*, [illegible] harmony [illegible] unearthly [illegible] doublings conjure up Messiaen. But attention is really [illegible] towards [illegible] minute nuances, the [illegible] rhythmic pointing, with which Volans [illegible] his chords and [illegible] his [illegible].

Most [illegible] this, though, was more [illegible] in the [illegible] than [illegible] the performance, [illegible] the Ulster Orchestra, [illegible] by Yan [illegible] Tortelier, [illegible] under-rehearsed and fell well short [illegible] realising Volans' intentions. [illegible] was blurred, and sometimes omitted altogether; quintuple[illegible] in particular [illegible] hard [illegible] the players [illegible] negotiate. The loose, timeless feel [illegible] the music, in which the sense [illegible] pulse is always tenuous, [illegible] established.

It seems curious that any orchestra should go [illegible] the trouble of commissioning [illegible] new score and then schedule insufficient time to [illegible] adequately. [illegible] seemed [illegible] badly awry: Volans' piece was flanked by Debussy's [illegible] *l'après-*[illegible] and Bartók's Concerto [illegible] Orchestra in extremely polished performances it [illegible] as if only new music [illegible] make [illegible] with [illegible] rough approxi[illegible].

Andrew Clements

Prague's lasting homage to Mozart

It is the perfect Mozart theatre – intimate, elegant and with a natural sense of scale. The acoustic is dry and clear, the historical associations unmistakable. This is the Estates Theatre in Prague, where Mozart himself directed performances of his music and where *Don Giovanni* received its premiere in 1787.

Prague, justifiably proud of its M[illegible] connection, has found [illegible] durable way of round[illegible] off the bicentenary – by bringing [illegible] back to life after a laborious [illegible]year closure. The opening production was *Don Giovanni*, staged by David Radok, conducted by [illegible] and sponsored by Bankers Trust and others. The theatre will now function with [illegible] small repertory of Mozart and spoken theatre works, leaving the Smetana and National Theatres as Prague's main operatic temples.

[illegible] Theatre (Stavovské Divadlo) is [illegible] oldest surviving [illegible] in Prague. Built in [illegible] by Count Nostitz, after whom it was initially named, it [illegible] bought by the Bohemian [illegible] in 1789. Weber was music director from 1813 to 1816. Mahler, Karl Muck and Zemlinsky conducted there, even though it had become Prague's second German theatre after the opening of the larger Neues Deutsches Theater (now the Smetana) in 1888. The Communists [illegible] it the Tyl, after the 19th century Czech dramatist.

[illegible] comfortably [illegible] tastefully-renovated and pedestrianised street, the theatre can stand comparison with its surviving contemporaries – cosier and more commandingly situated than Vienna's Theater an der Wien, less ostentatious and boomy than Munich's Cuvilliés Theater. The Estates has 660 seats, with three floors of boxes and two galleries, decorated in blue-grey and gold. Ceilings have been painstakingly restored to their original splendour, backstage machinery brought up-to-date. Only the front-of-house facilities suggest that space is tight.

Given the current chaotic state of Prague's musical and theatre life, the opening production can be counted a modest success. Mackerras, who is conducting the first handful of performances, gave the Czechs a crash course in historical performing practice, often with self-defeating results. The overture was taken so fast that string [illegible] was scrappy; the first part of the catalogue aria sounded four-square next to its speeded-up reprise. "Dalla sua pace" and "Mi tradi" (which Mozart added for Vienna) were dropped, but vocal embellishment was also scarce, perhaps because there had been insufficient time to coach the two casts engaged for the production.

And yet Mackerras at least offered Prague a glimpse of how Mozart can sound in the light of modern scholarship. This *Don Giovanni* benefitted from a wholesale cleaning-out of orchestral texture, to brilliant effect in the string accompaniment for Donna Elvira's first aria and in the brass and timpani flourishes. It also made some amends for the lack of dramatic temperament on stage.

Radok, son of the distinguished Czech stage and film director Alfred Radok (who emigrated to Sweden in 1968), made no blunders or lapses of taste. The production began and ended well: Giovanni, a limber, blonde aristocrat, steps out of a distant evocation of the Estates Theatre during the overture, takes a bite from an apple and places it front-of-stage. During the final sextet, the same figure emerges from a trap-door in modern informal dress, smiles at his moralising colleagues, picks up the apple and withdraws through the backstage door whence he came.

As a metaphor of the opera's origins and eternal fascination, and as a cheeky reminder that seduction began as a woman's game in the Garden of Eden, this was a plausible framework. But the main body of the evening existed in a vacuum of ideas, the plot placidly unfolding on a wooden ramp [illegible] Tazeena Firth's backdrop [illegible] cloudy blue sky and veil curtain. With the exception of the Giovanni and Leporello (both experienced singers), the cast failed to relate to each other or project an understanding of [illegible] direction was [illegible] to [illegible] control.

The Swedish baritone [illegible] Johan Falkman ([illegible] *Carmen*), was [illegible] mildly threatening Giovanni, who used his [illegible] voice in[illegible] "La ci darem" had [illegible] Ludek Vele's Leporello, [illegible] much his master's [illegible] half, was equally convincing. [illegible]e Ukrainian bass, [illegible] Kruglov, made a strong Commendatore. Donna Anna and Donna Elvira were sung by Lisa Gasteen and Bernadette Cullen, two Australians with large, well-schooled voices. [illegible] Vacik's [illegible] vio [illegible] Naomi Itami's Zerlina sounded inexperienced [illegible]parted.

Perhaps this production will [illegible] taught the Czechs that not everything emanating from [illegible] automatically stamped with quality. [illegible] needed [illegible] planning and more [illegible] in the circumstances, [illegible] stole [illegible].

Andrew Clark

Naomi Itami and Carl Johan Falkman in the 'Don Giovanni' which reopened the Estates Theatre where, in 1787, Mozart had directed the premiere

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw [illegible] Benzi [illegible] Philharmonic [illegible] in [illegible] Sinfonietta and [illegible] Concerto, with [illegible] Perenyi, repeated on [illegible] in the Kleine Zaal, Gustav Leonhardt gives a harpsichord recital. Tomorrow, Thurs, Fri [illegible] Sun: Kurt Sanderling conducts Sibelius and [illegible] (6718 345)

Muziektheater 20.15 Dutch [illegible] Ballet in Rudi van Dantzig's 1988 production [illegible] Swan Lake. Runs till [illegible] with [illegible] performances tomorrow and Fri. Thurs and Sun afternoon: Luisa Miller (6255 455/ [illegible] card bookings [illegible]1 211)

■ BERLIN

Staatsoper unter den Linden 19.00 Fabio Luisi [illegible] I vespriliani, [illegible] in German. Tomorrow: Der fliegende Hollander. [illegible] Aida. [illegible] Nutcracker (East Berlin 2004 762)

Komische Oper 19.00 Jorg-Peter Weigle conducts Harry Kupfer's production [illegible] Antigone [illegible] Stadt, new opera by Georg Katzer. Tomorrow: Cav and Pag (East Berlin 2292 555)

Deutsche [illegible] 19.30 L'elisir d'amore. Tomorrow: Elektra (West Berlin 3410 249)

■ BONN

Oper 20.00 Ronald Hynd's ballet Rosalinde, music by Johann [illegible] arranged by John Lanchbery. [illegible] and [illegible] Don Giovanni with [illegible] Bruson (773667)

■ BRUSSELS

[illegible] **Beaux Arts** 20.00 Jorg [illegible] Wurttemberg Chamber Orchestra in [illegible] Stamitz, Bach, Corelli [illegible] Barbara Hendricks soprano and Hakan Hardenberger trumpet. Sun: Ronald Zollman [illegible] Belgian National [illegible] Brussels [illegible] Society in Berlioz's [illegible] Nuits [illegible] and Mendelssohn's Lobgesang Symphony. (507 8200). **The Monnaie** [illegible] Mark [illegible] choreography The Hard Nut on Thurs and Sat, and Le nozze di Figaro on Fri [illegible] (219 6341)

■ COLOGNE

Philharmonie [illegible] Valery Gergiev [illegible] Gurzenich Orchestra in [illegible] Symphony and Mozart's Piano Concerto [illegible] 18, [illegible] Elisabeth Leonskaja. Tomorrow: Jorg Faerber [illegible] the Wurttemberg Chamber Orchestra, with [illegible] Barbara Hendricks and Hakan Hardenberger. Thurs: [illegible] Christmas Oratorio. Fri and [illegible] Christian [illegible] plays Schumann's Piano [illegible] with [illegible] Cologne Radio Symphony [illegible]. Sun: Gurzenich [illegible] plays Mozart and Reger (2801)

Opernhaus [illegible] Meyerbeer's L'Etoile du Nord (1854), sung by [illegible] of [illegible] Cologne [illegible]. Tomorrow and Fri: Hansel and [illegible]

[illegible] play The Robbers, [illegible] by Torsten Fischer, also Fri. Thurs: Jean [illegible] Les [illegible] (The Maids). Fri [illegible] Kammerspiele: Arthur Schnitzler's Fraulein Else [illegible]

■ FRANKFURT

[illegible] by [illegible] Bronfman. In [illegible] Prazak [illegible] plays string quartets by Schoenberg, [illegible] and [illegible]. Tomorrow: piano [illegible] by Tzimon [illegible]. Fri: [illegible] the Bamberg Symphony [illegible] Jiri [illegible] programme [illegible] Prague Symphony [illegible] (1340 [illegible])

Opernhaus [illegible] Jazz [illegible] with the City [illegible] Band. Tomorrow and Sun: Shostakovich's The [illegible], staged by [illegible] Thurs [illegible] Lohengrin [illegible] Doese [illegible] Anja Silja. Fri: [illegible] d'Hoffmann (236061)

Jahrhunderthalle [illegible] 20.00 [illegible] Lloyd [illegible] Evita, [illegible] Thurs (3601 [illegible])

English [illegible] Blood [illegible], musical by Willy Russell. Daily except Sun till Feb [illegible] 1620)

■ LONDON

[illegible] Paul Taylor [illegible] Company triple bill. Daily till [illegible] (071-278 [illegible])

Covent Garden [illegible] First performance [illegible] of Frederick [illegible] Royal Ballet production [illegible] La [illegible] mal gardee, with Lesley Collier. (071-240 [illegible])

Royal Festival Hall [illegible] the RPO and Huddersfield Choral Society in Mozart's arrangement [illegible] Handel's Messiah. Tomorrow in [illegible] Elizabeth Hall: Henze conducts the London [illegible] (071-928 8800)

Barbican [illegible] Humphris [illegible] Handel's Messiah, [illegible] Chamber Orchestra [illegible] Westminster Choir. Tomorrow: RPO plays Mozart, Mendelssohn [illegible]

■ MADRID

Tonight's concert at the **Auditorio Nacional de Musica** [illegible] given by the Spanish Chamber Orchestra, directed by Jose Luis Temes. [illegible] includes [illegible] and Albinoni's Adagio. On Thurs, Domingo Tomas, accompanied by [illegible] Radoliska, plays [illegible] violin [illegible] Spanish [illegible] programme (Fri, [illegible] Sun) is conducted by Juan Pablo Izquierdo. [illegible]

■ MILAN

Teatro alla [illegible] 19.00 [illegible] Muti [illegible] Lievi's production of Parsifal, with Placido [illegible] in the title role, [illegible] Meier [illegible] Kundry, Robert Lloyd [illegible] Gurnemanz [illegible]. Runs with alternating [illegible] till [illegible] with [illegible] performances on Fri [illegible] and [illegible] John Cranko's production [illegible] Juliet (7200 [illegible])

■ NEW YORK

Metropolitan Opera 20.00 [illegible] conducts Die Entfuhrung aus dem Serail, with [illegible] Devia [illegible] Matti Salminen. Tomorrow: [illegible]

[illegible] Theater [illegible] Balanchine's City [illegible] production [illegible] The Nutcracker, daily till Jan 5 (870 5570)

Avery [illegible] **Hall** 19.30 [illegible] Leinsdorf [illegible] York Philharmonic [illegible] and [illegible] York Choral [illegible] in [illegible] Requiem. Thurs, Fri, [illegible] and Schumann (875 [illegible])

■ [illegible]

Opera Comique [illegible] Gabriel Bacquier [illegible] in L'as-tu revue? with music by Jean-Michel [illegible]. Until Dec 31, daily this [illegible]

[illegible] **Pleyel** 20.30 Friedemann Layer [illegible] Ensemble Orchestral [illegible] in Beethoven's Prometheus overture and Violin [illegible] with [illegible] (4561 [illegible]). Tomorrow [illegible] Fri: [illegible] conducts the Orchestre [illegible] (4563 0796)

[illegible] West [illegible] Story. Tomorrow [illegible] 12.45: John Lill with [illegible] piano [illegible] (4028 2840)

■ VIENNA

[illegible]

[illegible] 19.30 Ulf Schirmer conducts Katya Kabanova, [illegible] Nancy [illegible]. Tomorrow: [illegible] fliegende Hollander. Thurs: [illegible] with [illegible] Zampieri and Bernd Weikl. Fri and Sun: ballet gala. [illegible] with Maria Guleghina and Bruno Sebastian (51444 [illegible])

Volksoper 19.00 Carl [illegible] operetta Der Bettelstudent. Tomorrow: [illegible] Fledermaus. Thurs: Wiener Blut. Fri: Le nozze di Figaro, [illegible] in German. [illegible] Die [illegible] (51444 3318)

[illegible] 19.30 [illegible] Schmidt, accompanied by Rudolf Jansen, sings Winterreise, repeated [illegible] Thurs. Fri, [illegible] and Sun: [illegible] Symphony [illegible] in music by Weber, Sibelius and Shostakovich [illegible]

Konzerthaus [illegible] Georges Pretre [illegible] the Vienna Symphony [illegible] in Bruckner's Eighth Symphony. Fri: Haydn Trio plays four piano trios [illegible]. Sun: David Zinman [illegible] Radio Symphony [illegible] in [illegible] Fifth Symphony and [illegible] Heinrich Schiff (7124 6860)

THEATRE

On [illegible], the **Akademietheater** presents [illegible] directed by Manfred Karge [illegible] Sun). This [illegible] repertory [illegible] **Burgtheater** [illegible] The Merchant [illegible] tonight and Sat, and George Tabori's Babylon Blues tomorrow and Thurs (51444 2218)

WASHINGTON

Kennedy [illegible]

Tonight at 19.00 in [illegible] **Hall**, Neville Marriner [illegible] Academy [illegible] Martin in the Fields in [illegible] Mozart Symphonies (34 and 41) and the Clarinet [illegible] with Andrew Marriner. Fri, [illegible] Sun and next Mon: National Symphony [illegible] and Choral [illegible] Society [illegible] Washington in [illegible] arrangement [illegible] Handel's [illegible] (416 [illegible])

Blues Alley Jazz Supperclub

Wynton [illegible] on trumpet from tonight till [illegible]. Next [illegible] Phil [illegible] Quintet (1073 Wisconsin Ave, [illegible] 2338)

European Cable and Satellite Business TV

(all [illegible] CET)

MONDAY TO [illegible]

CNN

0730-0800 Moneyline

[illegible] Morning

[illegible] Day

2000-2030 World [illegible] Today – a joint FT/CNN production [illegible] Perry [illegible] Chapman

2300-2330 [illegible] Today

[illegible] Moneyline

Super [illegible]

0600-0620 [illegible] View

[illegible]

[illegible] (Tues) [illegible] Europe Report – weekly indepth analysis [illegible] FTTV

[illegible] FT [illegible] Weekly - global [illegible] Bellini

[illegible] (Thurs) Talking [illegible] - International [illegible]

[illegible]

[illegible] International Business Report

1130, 1730, [illegible] (Thurs) FT [illegible] Weekly

SATURDAY

[illegible]

0730-0800 Moneyline

[illegible] World Business This [illegible] - [illegible] joint FT/CNN production

[illegible] Moneyweek

[illegible] World [illegible] This [illegible]

SUNDAY

Super [illegible]

[illegible] FT [illegible] Weekly

Sky [illegible]

1330, 1630, 2030, 0030, [illegible] FT [illegible] Weekly

CNN

[illegible] This [illegible]

FINANCIAL TIMES

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Wednesday December 11 1991

Fate of the Soviet army

NOTICE [illegible] the [illegible] of the [illegible] Union appears [illegible] have [illegible] premature. But the announcement by the leaders of the three [illegible] republics on Sunday night that they [illegible] agreed to form [illegible] commonwealth open [illegible] other republics marks a significant development in [illegible] long [illegible] agony [illegible] the [illegible]. By ensuring the inclusion [illegible] Ukraine [illegible] of the three founding states, Mr Boris Yeltsin, the Russian president, [illegible] to have succeeded [illegible] Soviet President Mikhail Gorbachev [illegible] fail.

The overwhelming popular vote for Ukrainian independence last week killed [illegible] remaining hope for Mr Gorbachev's vision [illegible] new union. Rather than see [illegible] Ukraine, with its 52m people and long historical ties, [illegible] the Union completely Mr Yeltsin [illegible] to have made [illegible] concessions [illegible] keep it within a smaller, [illegible] homogeneous grouping. He [illegible] humiliated Mr Gorbachev by presenting it [illegible] a *fait accompli*.

The new commonwealth [illegible] attempt [illegible] maintain [illegible] of economic [illegible] political community based [illegible] a loose union between [illegible] states, which between them amount for 70 per [illegible] population and [illegible] bulk [illegible] industrial, agricultural and raw material [illegible]. These always [illegible] basis of [illegible] Russian empire. It [illegible] be [illegible] whether such a union, headquartered in Minsk, will be attractive [illegible] non-Slav peoples [illegible] integrated [illegible] multi-ethnic Soviet empire [illegible] in Moscow.

The pique displayed by [illegible] Nursultan Nazarbayev, [illegible] president of Kazakhstan, [illegible] being invited to [illegible] part [illegible] discussions which led [illegible] announcement of [illegible] commonwealth, and his subsequent support for Mr Gorbachev's opposition to it, indicates [illegible] difficulties ahead. [illegible] Russians live outside the boundaries of Russia itself, [illegible] them [illegible] Kazakhstan, which [illegible] nearly 40 per cent [illegible] population.

[illegible] the only [illegible] republic [illegible] have [illegible]tegic [illegible] arms [illegible] its soil, another good [illegible] for Mr Yeltsin and the other co-signatories to ensure that Mr [illegible]bayev comes on board. For what is desperately needed [illegible] uncertainty about the [illegible] future [illegible] maintenance [illegible] firm political control over [illegible] armed forces, in general, and nuclear forces, in particular.

The maintenance of [illegible] political control would probably [illegible] impossible if co-operation among the major republics were to break down [illegible]pletely. Such co-operation [illegible] if the economy [illegible] to provide the [illegible] with [illegible] the [illegible] paid. [illegible] inclusion of the Ukraine in [illegible] commonwealth [illegible] important on both [illegible]. A high proportion [illegible] traditionally [illegible] Ukrainian background, [illegible] many parts of Russia especially would [illegible] starvation [illegible] totally independent Ukraine exported [illegible] grain elsewhere.

[illegible] present, however, Mr Gorbachev remains the [illegible]tional [illegible] armed forces, titular [illegible] of [illegible] powerful institution in the land. [illegible] senior officers, together [illegible] military [illegible]ries, [illegible] an uncertain future. Such [illegible] speed [illegible] and the [illegible] of [illegible] budget deficit, however, that even their pay [illegible] uncertain. Nothing [illegible] be [illegible] dangerous [illegible] disgruntled army under [illegible] political control [illegible] highest [illegible]. This [illegible] with nuclear [illegible] possession.

[illegible] Gorbachev has earned his role in history as [illegible] man [illegible] presided over the [illegible] which ultimately destroyed an [illegible]pire which brought its people [illegible] stability [illegible] price of [illegible] political [illegible]nation. [illegible] commander in [illegible] forces must be to ensure an orderly transfer of these powers to the republics that alone possess the authority to act. It would be a tragic mistake for him to attempt to remain in power by calling on those with a vested personal interest in the preservation of the old centre to defend it by arms. That way lies civil war.

Protecting pensioners

THERE ARE several [illegible] to [illegible] looting [illegible] than [illegible] from pension [illegible] within [illegible] empire. The [illegible] came from the pensions industry [illegible] week, [illegible] the suggestion [illegible] no [illegible] stopped a determined [illegible] Mr [illegible] well. But this will [illegible] dismissed by pension [illegible] simply [illegible] way in which lawyers, auditors, investment managers, actuaries and pen[illegible] managers will [illegible] the [illegible] for failing [illegible] protect pensioners.

The second possible approach [illegible] to [illegible] of safeguarding funds [illegible] within [illegible] present [illegible] trust law. This is already being done [illegible] the [illegible] Security Act 1991, with the imminent introduction of new regulations which will limit [illegible] – that is, [illegible] use [illegible] pension fund [illegible] give financial support [illegible] the sponsoring company.

However, this would only provide marginal protection against Maxwell-type misappropriation. It would [illegible] go further, [illegible] require that pension [illegible] should [illegible] practice in other [illegible]. One possibility would be [illegible] require that [illegible] drawn from a variety [illegible] inter[illegible] within (and possibly outside) [illegible] and [illegible] membership, [illegible] limit the power [illegible] company [illegible]tives, and [illegible] that [illegible] be held by separate custodians.

Even this would leave the [illegible] ownership [illegible] the [illegible] obscure. The pension [illegible] a UK company [illegible] in [illegible] strange legal position, being not [illegible] property [illegible] but [illegible] of assets accumulated to back up a pensions promise given by the employer. If the fund were not there, [illegible] in deficit, pensioners would [illegible] exposed to [illegible] serious credit risk. On the [illegible] hand, if scheme [illegible] owned the fund they, and not the [illegible], [illegible] benefit from unexpectedly [illegible] investment returns. The [illegible] the company [illegible] indirectly [illegible] surpluses through contribution "holidays" and, in the [illegible] of a group, by merging schemes in [illegible] with surpluses, [illegible] them [illegible] in the performance [illegible] the fund.

[illegible] third, [illegible] preferable, solu[illegible] to [illegible] occupational pensions law, which would further limit [illegible] discretion [illegible] companies in the management [illegible] schemes. In addition, the independent administration [illegible] the fund could be guaranteed by [illegible]nal [illegible] professionals [illegible] well as scheme members and their representatives.

Proposals for new legislation have been considered for some years, but have met comparatively little support from companies. Too onerous [illegible] new framework might cause many companies to terminate their schemes, it has [illegible] suggested, and [illegible] their employees off into personal plans, [illegible] none. If companies cannot design their schemes so as to pursue certain ends, for instance the rewarding of long-term stayers (especially those, like the top managers themselves, who progress to the top of the salary scale) and the penalisation of "early leavers", they may no longer consider pension schemes worth the time and money.

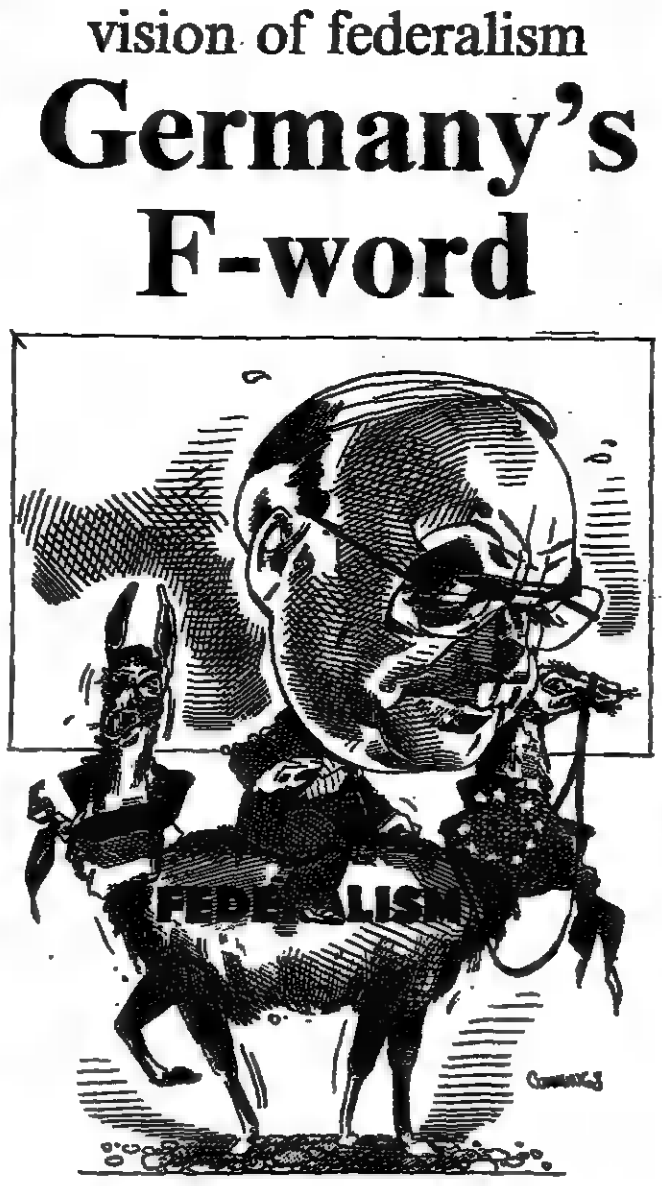
In the end the government passed up the chance to introduce a new Occupational Pensions Act, but the worrying lack of security now exposed makes that decision less acceptable. Historically there had been few cases of misuse of funds, but it now looks complacent to have relied upon good fortune. As the corporate squeeze presses more tightly the danger is rising.

The Maxwell case highlights the failure of various professionals to perceive the risks. It was plainly imprudent for one man to have so much power, including ownership of the investment management company that administered most of the funds. This inability to recognise danger is a feature that has characterised other recent financial scandals outside pensions .

Companies have been able up to now to maintain pension funds in a kind of legal limbo [illegible] corporate control and true separation. [illegible] lack [illegible] security revealed by [illegible] Maxwell scandal has exposed this compromise as unacceptable.

Quentin Peel on strains in Chancellor Kohl's vision of federalism

Germany's F-word



While Chancellor Helmut Kohl has been slugging it out in Maastricht [illegible] achieve [illegible] vision [illegible] united, federal Europe, he must have [illegible] feeling [illegible] chill draught [illegible] the back [illegible] his neck.

His finance minister, Mr [illegible] Waigel, [illegible] scuttle [illegible] Bonn a day early [illegible] with [illegible] simmering rebellion [illegible] home. And the prob[illegible] from [illegible] tem which the German chancellor [illegible] so [illegible] the [illegible] Community – from [illegible]eralism.

Suddenly the [illegible] German [illegible]eral [illegible] are up in [illegible] to stop [illegible] they [illegible] erosion [illegible] their [illegible] by the central government [illegible] Bonn. They accuse Mr Kohl of draining their budgets [illegible] to [illegible] coffers, and plotting to [illegible] their powers [illegible] the EC in [illegible] approval. They hint darkly of plans in Bonn [illegible] boundaries.

The growing [illegible] the German federal system, [illegible] the [illegible] guarantor of German democratic stability since the [illegible] world [illegible], have undoubtedly been increased by [illegible] financial strain [illegible] paying for German unification – [illegible] subsidising [illegible] effectively bankrupt new [illegible] join the system.

"The financial relations [illegible] the union and [illegible] out of control [illegible] of the [illegible] in the east," according [illegible] official in Bonn. "There [illegible] of [illegible] system."

What [illegible] all [illegible] embarrassing for Chancellor Kohl [illegible] government is that [illegible] the first time in a decade, the states are in a position to [illegible] a misery. For [illegible] April, when they won control of the [illegible] Palatinate (Mr Kohl's own [illegible] state), [illegible] opposition [illegible] (SPD) [illegible] had a majority [illegible]rat, the upper house of the Ger[illegible] parliament. [illegible] on all [illegible] most important items of legislation, they [illegible] insist on having their [illegible] – or even cause the [illegible].

[illegible] came [illegible] a result [illegible] by the [illegible] against [illegible] government's whole package of [illegible] reforms for the coming years, [illegible] an already [illegible] budget. The key element is a 1 per cent [illegible] in [illegible] from 1993, [illegible] bring in [illegible] sorely [illegible] DM12.3bn in a full year. Another vital part is [illegible] bundle of [illegible] concessions for business, to [illegible] the [illegible] it will be unfairly burdened [illegible] single European market after 1992. It is intended [illegible] reduce business property tax, [illegible] the tax on working capital altogether.

[illegible] Monday, just [illegible] Euro[illegible] were sitting [illegible] to [illegible] the details [illegible] European [illegible] and political union, a [illegible] committee was gathering in the German [illegible] to renegotiate [illegible] tax plans. Sixteen [illegible] from each of the [illegible] of [illegible] German parliament – the Bundestag, where the ruling coalition has a clear majority, and the SPD-controlled [illegible] – sat for two days to sort [illegible]. Yesterday afternoon, Mr Waigel reported that they [illegible] to [illegible] heading for outright [illegible]. The SPD [illegible] to [illegible] VAT increase, and [illegible] accept [illegible] alternative.

The [illegible] of [illegible] on the government's taxation plans is only the latest in a series of revolts. Last month, the Bundesrat agreed unanimously (uniting conservatives and social democrats) that it would refuse to approve the treaties from Maastricht unless they enshrined the principles of federalism. As far as they [illegible] concerned, [illegible] writing [illegible] treaty [illegible] political union [illegible] peculiarly German concept of "subsidiarity" – that every job should be carried out by the lowest level of government capable of doing it effectively. Their idea is to stop Mr Kohl and his government [illegible] negotiating away any of their precious powers – such [illegible] education, culture, the media and health, all of which belong to the states in the German system – to Brussels and Strasbourg.

Ten days ago, the Länder took up their cudgels again, and rejected by [illegible] two-thirds majority the government's [illegible]posed law [illegible] streamline [illegible] mighty [illegible] by reduc[illegible] representation on the board of governors. The num[illegible] governors [illegible] supposed to come down [illegible] 11 (the number of old federal states before unification) to just nine. This was only a first opinion, but it may be enough to sink the law for good, for the Bundestag must now obtain a two-thirds majority to overrule it.

It all looks like giving [illegible] apparently unflappable German chancellor [illegible] headache [illegible]. [illegible] question is [illegible] is an example [illegible] German federal system working well, leading [illegible] compromises, or whether the system is being undermined by creeping centralisation as well as the sudden pressure on the public purse.

What is happening today is that a series of political pressures are coinciding at the heart of the German body politic, compounded by the acute financial (and psychological) strain caused by the unification process.

In the first place, there is the straightforward political battle between the ruling conservative coalition, led by the Christian Democrats (CDU), and the opposition SPD. Mr Kohl's victory in last year's unification elections has shut the SPD out of power until 1994 at the earliest. But two key state elections are due in the spring – in the CDU stronghold of Baden-Württemberg and in [illegible] Schleswig-Holstein – and both are in the balance.

On top of [illegible] the gathering resentment [illegible] Bonn's perceived usurpation of [illegible] powers of the [illegible]. That [illegible] certainly an issue in the vote of the Bundesrat on the Bundesbank. It was also a factor in the resounding vote over Maastricht. And it is an important element confusing this week's negotiations on the tax package.

"The [illegible] by [illegible] central government [illegible] federal [illegible] Bundesbank," says Mr Edgar Meister, finance minister of the Rhineland. "It should not be seen as party political. It is a question of the states against the union. I think the union is trying to change the limits of competence of the states unilaterally."

Mr Oskar Lafontaine, prime minister of the Saarland, and the unsuccessful SPD candidate for chancellor at the last elections, cites a steady transfer of tax revenues from the states to the central government over the past decade of Kohl coalition rule. Since 1982, the total public sector budget has declined by DM93.4bn, but that had a very contrasting effect on the states and the centre. The combined state budgets declined by more than DM85bn, according to figures calculated by the North Rhine-Westfalia finance ministry in [illegible]. Below them, [illegible] community [illegible] budgets [illegible] by [illegible]. And simultaneously [illegible] budget [illegible] by almost [illegible].

"It is [illegible] steady drain," Mr Lafontaine said last week. "This [illegible] policy [illegible]eral."

Behind it is an extraordinary weakness in the federal nature of [illegible]. The states themselves have sig[illegible] spending [illegible], but no revenue-raising [illegible] of taxation. [illegible] they have [illegible] negotiate [illegible] the share of cash they can get [illegible] budget. Although they have an automatic right to a share of central taxes – such as 35 per cent of VAT, for example – only the union has the right to levy them.

"The communities have a tax right (to levy things like dog licences and a community tax) but the states have none. It is a structural mistake," Mr Lafontaine says. In that he is backed by such heavyweight authorities as Mr Horst Köhler, the state secretary in the finance ministry. But that is a question of changing the constitution which is under debate, unlikely to be resolved before 1994 at the earliest.

In the meantime the states have to fight for their share of the cake, and thanks to unification, a suddenly oversubscribed cake to boot. Hence the tax battle this week.

"If we do not sort it out by the end of the week, I think it will go till next year," Mr Lafontaine believes.

The headache for the finance minister and Mr Kohl is that if they do agree on a compromise, it will almost certainly cost more money. If they do not, then the tax reform package will have to be abandoned.

It must all give Mr Kohl, rooting for federalism in Europe, at least pause for thought. His words may come back to haunt him as [illegible] hostile majority in the [illegible] keeps holding his coalition to [illegible].

PERSONAL VIEW

Poles should be kept apart

By David Prosser

The word "polarisation" [illegible] sound like it has been plucked from the physics book. In relation to the UK financial services industry, though, it has meant [illegible] in [illegible] a clear distinction between [illegible] sell the products and services of [illegible] company and [illegible] who scru[illegible] whole market [illegible] identify [illegible] their customer.

However, in its review of the regulatory regime for the industry, [illegible] Securities and Investments Board (SIB) [illegible] suggested [illegible] "half-way house" [illegible] and independent financial advisers. This would blur the distinction [illegible] serious implications for the way the industry operates.

The distinction created by the Financial Services Act 1986 [illegible] these different types of advisers should be maintained; the real challenge facing the industry is to make the existing regulations work better.

Polarisation has raised standards among sales staff and given consumers extra protection by making companies responsible for the actions of their representatives. Raising standards has not, however, [illegible] considerable financial [illegible] to [illegible] life [illegible] independent financial advisers (IFAs).

Restricting company representatives to selling the products of only one company does reduce customer choice, and it may therefore seem odd that it should be promoted by a regulatory body (the SIB). Indeed it is just the sort of restrictive practice which would be frowned on in other industries. While the insurance industry was creating ties, the brewing industry was being instructed to undo ties. Clearly financial services are different.

The advice which accompanies a product sale is often a vital component of the total value delivered to the consumer. In an ideal world the adviser would know the customer as well as does a good family doctor; investments would be fitted into a lifetime plan developed and maintained jointly with the adviser.

It is through competition that customers obtain best value and while customers can easily recognise service, few are in a position to evaluate a particular financial services product offered to them. A regime of a small number of companies selling their products to the public only through company representatives would not be in the long-term best interests of the customers. Neither is it in the interests of the companies themselves, because there would be insufficient pressure to provide excellent products.

Competition between companies in the UK has led to their being pre-eminent in Europe when it comes to product choice and product innovation. Competition has been and should continue to be stimulated by the independent financial advisers.

The benefits of direct support from the companies enjoyed by company representatives require some counterbalance. Polarisation has helped to provide this counterbalance by ensuring that only IFAs can present themselves as being able to provide choice between companies. It is for this reason that polarisation, with all its faults, has gained wide support in the industry.

Two changes to polarisation have been put forward by the SIB. The first change entails restricting polarisation to life and pensions products while allowing company representatives to recommend unit trusts and personal equity plans from a range of companies. In my view this would make the job of supervising the company representatives more difficult and expensive. More significantly, it would undermine the position of the IFA by confusing the consumer. Diluting the distinction between IFAs and company representatives and making it less clear cut would not be a step forward.

The second suggestion is the introduction of "badging". This would allow an arrangement between companies whereby the representatives of one company could also sell a particular product from another company as if it were its own. This labyrinthine structure would allow companies which had gaps in their own product range to fill them so that their own company representative would be able to offer a full range to the public.

If it were possible to do this without the consumer being aware that the products came from another provider, it might appear to avoid confusion without weakening the IFA. However, it is difficult to see how this could be achieved while at the same time providing proper information on the status and track record of the true manufacturer of the product. This product information would have to be made clear to customers; again we would have company representatives offering a choice between the products of more than one provider, to the detriment of the IFA.

For these reasons the pursuit of purity in polarisation should continue, with no half-way house or weakening of the principle. Exceptions may "prove the rule" in some disciplines, but regulators in financial services should be careful to avoid them.

The author is chief executive, Legal & General

OBSERVER

Dark blues go for gold

■ *Cambridge* [illegible] won yesterday's 110th Varsity rugby match. But [illegible] the increasingly competitive game of fund-raising, it [illegible] the dark blues' "big bang" [illegible] is winning hands down.

Henry Drucker, whose Campaign for Oxford has collected £198m versus Cambridge's apparent £100m, *sounds more like* [illegible] man than a political scientist, which is what he is by training. He talks of financial targets and boasts of his enviable return on capital – £1 spent for every £10 raised.

He has over 40 staff in Oxford, 14 in New York, and smaller offices in Tokyo and Toronto. The frequent [illegible] of Sir Richard Southwood, Oxford's vice-chancellor, are one of Drucker's pet marketing tools.

Oxford's approach might offend some. But the money which has founded and buttressed such historic piles as Balliol has not always come from spotless hands. Drucker does not see anything wrong with hitching company names to professorships in return for some loot, although he says shady would-be contributors have been turned away.

Bill Squire, who runs The Cambridge Foundation, has *fewer than than half Drucker's* number of fund-raisers and only a token presence overseas. Nevertheless he argues that, long-term, his softly-softly approach will be just as effective as Drucker's.

Maybe so, but he could well improve the chances by having his foundation's phone number listed in the directory.

Nott out

■ *Let's hope former defence* secretary Sir John Nott can do [illegible] better job defending Etam from the South Africans than he did the Falkland Isles from *the Argentinians. At least his* sudden appearance in the Etam chairman's seat – [illegible] replaces Alan Howard who *has been taken ill* – has an element of surprise about it.

It is not every day that a former chairman of Lazard *Brothers dons the crown of* a £140m High Street fashion retailer. *Lazards defended* Etam at the time of Oceana's *bid and since the latter still* owns a third of the equity, *Etam obviously wants to have* a fit soldier in charge in case *of a renewed assault.*

Nevertheless, it is a mildly *puzzling move for a merchant* banker in retirement. Having bowed out of politics at a relatively tender age, Sir John headed Lazards during that bank's renaissance and then retired again from the City.

He is still only 59, and given his contacts, he would seem the sort of figure who should be able to command a big job like the chairmanship of British Aerospace, if he wanted it. The chairmanship of Etam is not one of those jobs.

Galling

■ *Maastricht ought to have* been a high-point in the political career of Belgium's Wilfried Martens, the EC's longest-serving prime minister. Instead he has had to negotiate in a weakened role as caretaker premier of a country in post-election turmoil.

King Baudouin hardly made things easier for him by choosing the first day of the summit to ask a young opposition politician to form the next Belgian government. Guy Verhofstadt, Thatcherite leader of the conservative Flemish liberal party, will not necessarily become prime *minister even if he succeeds* in cobbling together a coalition. But the king's selection of "formateur" must still be galling for Martens.

"I've just remembered – there aren't any statues of Gorbachev to pull down"

Not only is 38-year-old Verhofstadt 16 years his junior, but the former budget minister also scored more preference votes than Martens in the 1987 election when they both stood in the Ghent constituency.

Fear of Verhofstadt, say the crueller political analysts, was the main reason why Martens, a Flemish Christian Democrat, decided to switch his candidature to Brussels for the latest election, in which *all Belgium's traditional* parties except Verhofstadt's suffered jarring losses.

Drop-out

■ Sad to see Paul Judge's Management Week bite the dust. After an erratic start six months ago, it was beginning to get into its stride.

Its recent analyses of shooting stars like Sock Shop's Sophie Mirman – who was *advised to ditch her husband* if she wants to succeed – and the business diary of 13-year-old James Harries were well worth reading. Writing about management doesn't have to be left to [illegible] school academics.

Judge, who invested £700,000 in the venture, blames the recession and the move from [illegible] to weekly format *which cut circulation from* 30,000 to 10,000. If Business magazine failed because it was too elitist, Judge's venture was *too down-market. Despite* columnists like Sir John Harvey-Jones, Tom Peters and Peter Jay, Management Week *never achieved the credibility* to attract the right sort of advertisers.

The 42-year-old entre*preneur, who made £45m from* selling his business to *Hillsdown, is still convinced* that there is a market for a *UK equivalent of a magazine* like Forbes. However, the record to date suggests otherwise.

Company man

■ When is a non-executive director not a non-executive director? When a member of the BTR board, it seems.

Gordon Yardley, who no longer devotes himself full-time to BTR's affairs, has joined the board of tiny AAF Investment Corporation as a non-executive director. The original announcement of same, however, described him also as a non-executive director of BTR – which got up some highly placed nose. *Down came an order to amend* the text to dub him just a [illegible] *of BTR.*

In BTR's eyes the [illegible] non-executive director is [illegible] real outsiders who have never worked for the company. Judging by such pedantry, perhaps the time has come for it to put a few outsiders on its own board.

Small fry

■ [illegible] six year-old brings home a note from school. "Your child has been selected for cooking. Please send 50p towards the cost....."

هكذا من الأصل

Survival of the biggest

Richard Waters on stock market troubles for smaller firms

On paper, investments in smaller companies listed on the UK stock market have shown their best returns for years. But anyone actually trying to buy or sell shares in those companies will find the exercise as difficult as at any time in recent years.

The result: a crisis of confidence in the City over the way the public capital markets operate for all but the top tier of UK companies. The London Stock Exchange has been engaged in a prolonged rethink of the way such shares are traded, and is soon to propose an overhaul of share trading that threatens to anger many company directors, as well as their shareholders.

According to stockbrokers Hoare Govett, which tracks smaller company share prices, this sector has outperformed the market as a whole by around 4 per cent in the year so far. That is the first time smaller companies have outperformed since 1988.

That picture is in stark contrast to the current state of the market in small companies' shares. The health of the stock market depends on the level of demand from investors to buy and sell shares. When that demand falls off it becomes increasingly difficult to trade. One result is that market makers – the market professionals who commit themselves to providing a continuous market in companies' shares by buying and selling at quoted prices – become nervous about being left holding shares they cannot sell on, and so widen the difference between buying and selling prices (known as the market "touch").

The result is clear from the graph. Four years ago, just ahead of the stock market crash, investors were buying and selling around £200m of shares in smaller companies every day. That figure has fallen to just £40m.

During the same period, the average "touch" between buying and selling prices has widened from around 3 per cent to nearer 11 per cent. That means that an investor who bought shares at the "touch" price would have to wait for them to appreciate in value by more than 10 per cent before being able to sell them again without incurring a loss – and that is before taking account of the extra costs of commissions and stamp duty.

One notable fact is that the quality [redacted] the [redacted] barely improved [redacted] year, in [redacted] of the recovery in [redacted] share prices of the companies concerned.

Investors in small company shares have generally become accustomed to these problems, and tailored their investment strategies accordingly. "It's difficult to get out once you have built up a sizeable position," says Mr Neil Baston, head of Norwich Union's small companies team. "We tend to try to build up a sizeable stake and stick with them over a number of years. That means [redacted] to get as close to management as possible. We get the majority of information from them first hand."

Binding companies and their shareholders together in this way, forcing them to stay together through good and bad times, may seem an answer to the frequent complaints heard about short-termism by investing institutions. Shorn of the option of selling their shares with ease, investors are forced instead to put more effort into ensuring they get a long-term return on their investments. However, the lack of a liquid market has a price: it makes it difficult for new companies [redacted] raise capital publicly, and depresses the [redacted] prices [redacted] those already on [redacted].

[redacted] also helps to explain why few big institutions actively follow small companies. According [redacted] Exchange, there are estimated to be only 12 to 15 major institutions in the market, with portfolios worth around £100m each: the market is left mainly to a spread of specialised funds.

According to Mr Andrew Priestley, chairman of Haemocell, a company with market capitalisation of around £27m: "The number of institutions prepared to participate in smaller companies has reduced dramatically."

Are these problems merely cyclical? Small companies are seen generally by investors as more exposed to a UK recession than larger ones. Typically, they are more dependent on UK earnings, and have a less diverse range of income streams to fall back on if their main product or market fares badly.

However, structural changes in the market suggest the current downturn is more than just a cyclical swing. The pattern of share ownership in the UK is increasingly determined by large investment institutions. These often argue that, given the costs, it does not pay them to maintain small shareholdings.

A further problem is the difficulty that market intermediaries – stockbrokers and market makers – are finding in making a living. With little turnover, commissions are low, making it difficult for brokers [redacted] recover [redacted] costs of researching smaller companies. Market makers, on the other hand, complain that much of the trading that does take place never crosses their books: it is handled in the back offices of stockbrokers, who simply match buyers and sellers.

A random sample of 10 companies taken by the exchange this autumn revealed that between 12 and 70 per cent of trading is matched by brokers, rather than passing through market makers. This is largely because, to build up a holding, most institutions place a purchase order with a broker to be filled [redacted] weeks [redacted] months. The broker then builds [redacted] holding piece by piece, usually when other holders come to it to find a buyer. That [redacted] brokers the [redacted] of liquidity in many smaller companies' shares.

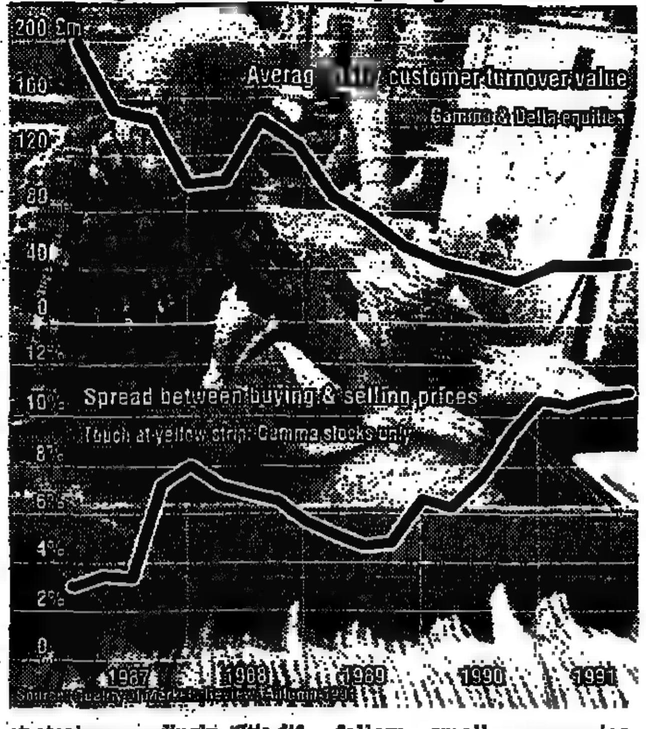
The exchange's [redacted] problems will [redacted] to [redacted] current [redacted] trading, and with [redacted] guiding principles that [redacted] pin the UK stock market. Instead of relying on competition between market makers to establish the "true" price of a company's shares, share trading [redacted] through monopoly traders. The hope is that by concentrating orders in this way, [redacted] and [redacted] can reach [redacted] better equilibrium. But this price-formation mechanism will no longer be regulated by market forces: it will rely on regulation by the Exchange itself to make sure investors get a good deal.

Not surprisingly, the immediate response from many companies and investors has been negative – though this is by no means universal.

"I would have thought it was a retrograde step. We're quite happy as it is," says Mr Martin West, chief executive of London Scottish Bank. Several large institutions agree. One says: "It sounds like moving around deckchairs on the deck of the Titanic."

If the exchange wants real change, some say, it should force companies to float a larger proportion of their shares than the mere 10 per cent a company on the Unlisted Securities Market has to release. That would provide the market with a greater flow of shares to trade. That option, however, is not under review.

Trading in smaller company shares



Edward Mortimer

Equals in misery

Belatedly, the west is doing something for Kurds and Palestinians. But not enough

FOREIGN AFFAIRS

THREE [redacted] I compared the situation of [redacted] peoples in the Middle East, the Palestinians and the Kurds, and concluded that for the first time, with the genocidal chemical offensives of [redacted] Kurds of northern Iraq [redacted] a fate even worse than [redacted] wholesale displacement which is the lot of the Palestinians.

Since then there have mercifully been no more chemical attacks, but [redacted] year [redacted] whole [redacted] Iraq has [redacted] devastation, civil war, [redacted] near-starvation [redacted] a result [redacted] Saddam Hussein's invasion of Kuwait and the allied response to it. Probably the suffering of the Kurds has been surpassed by [redacted] happened [redacted] population in [redacted] south, but Kurdistan [redacted] more [redacted] international news media. The specta[redacted] of more than 2m Kurds fleeing into [redacted] mountains, and political [redacted] Turkey which [redacted] the [redacted] if [redacted] long term refugees on [redacted] territory, brought [redacted] intervention to [redacted] up [redacted] "safe [redacted]" in April.

In July [redacted] withdrew, but [redacted] threat of renewed allied intervention, particularly from the air, has preserved a rough military balance in northern Iraq, while [redacted] co-ordinated by the [redacted] High [redacted] Refugees (UNHCR) has [redacted] rebuild [redacted] homes or [redacted] some kind of "winterised" accommo[redacted]. And [redacted] certainly be heartened by [redacted] new Turkish prime minister's pledge, in a speech [redacted] Sunday, [redacted] protect them against Iraqi "savagery".

Last week, however, [redacted] UNHCR reported that [redacted] than 200,000 Kurds [redacted] again fled their homes during six weeks [redacted] shelling and [redacted] by [redacted] Iraqi military. [redacted] half of [redacted] no access to adequate shelter. Many will die [redacted] cold and malnutrition in [redacted] course of the [redacted] is certainly neither peace nor security in [redacted] region, which is [redacted] subject to an [redacted] blockade. President Saddam [redacted] denying food supplies [redacted] those whom the west [redacted] claimed as its protégés, in an attempt [redacted] demon[redacted] that they [redacted] the main victims of the UN-imposed sanctions. (Yet food is specifically exempt from those sanctions, and [redacted] scarcity results from Mr [redacted] own refusal to sell oil on terms prescribed by [redacted] to finance [redacted] and medicine purchases.) He wants [redacted] Kurds [redacted] sign an agreement aligning themselves with Baathism, [redacted] nationalist doctrine which relegates them, [redacted] non-Arabs, [redacted] second-class [redacted]zenship [redacted].

Meanwhile, [redacted] happened [redacted] ther the *intifada*, which began four years ago this week, nor Mr Yassir Arafat's spectacular offer to negotiate [redacted] with Israel [redacted] year later, produced the change in their fortunes that [redacted] hoped for. But the "linkage" [redacted] Kuwaiti and [redacted] issues, how[redacted] cynically proclaimed by Mr Saddam, [redacted] thing. [redacted] moved [redacted] Arab-Israel [redacted] higher [redacted] of American priorities, [redacted] reinforcing Israel's sense of dependence [redacted] making Arab governments, including [redacted] Syria, more responsive [redacted] American [redacted].

The Palestinians find themselves for the first time confronting Israel across a negotiating table on formally equal terms

The Palestinians thus find [redacted] for [redacted] first [redacted] confronting Israel [redacted] a negotiating [redacted] on formally equal terms, [redacted] with some [redacted] hope that [redacted] US will persuade [redacted] concede [redacted] autonomy in the occupied territories, leading just possibly [redacted] actual withdrawal from [redacted] them in [redacted] years.

It [redacted] much of a hope: [redacted] territories in question, [redacted] if [redacted] Jerusalem (which Israel firmly refuses [redacted] do), [redacted] only 22 per cent of pre-1948 Palestine. But [redacted] alternative [redacted] continued military [redacted] squeeze on [redacted].

[redacted] secure [redacted] this quarter-loaf [redacted] the Palestinians, it [redacted] vital that President Bush retain the moral high ground *vis-à-vis* the Israeli government in the eyes [redacted] America. That [redacted] why he [redacted] asking the UN General Assembly to rescind its notorious resolution of 1975, which declared that "[redacted] is [redacted] form of racism and racial discrimination".

Politically he is right to do so. The resolution was a grotesque example [redacted] the unreality which affected [redacted] much Third World politics, especially at the UN, [redacted] mid 1970s. The General Assembly was [redacted] qualified, intellectually or [redacted]ally, to make such a judgment about a political philosophy which it [redacted] trouble to define; [redacted] by doing [redacted] alienated a large swathe of [redacted] opinion.

Privately [redacted] Arab governments [redacted] this. But publicly they have served notice of their intention [redacted] the repeal of [redacted] resolution – fearing, no doubt, that [redacted] *otherwise would hand* [redacted] propaganda coup [redacted] Iran [redacted] in whipping up Arab opposition [redacted] peace process. Sadly, their [redacted] speeches will [redacted] justify [redacted] intransigence, [redacted] "prove" [redacted] Arab [redacted] are, [redacted] spite [redacted] everything, incorrigibly [redacted].

Anti-semitism and anti-Zionism [redacted] Euro[redacted] Jewry by [redacted] surviving Jews have, understandably perhaps, become [redacted]. That is, they have come [redacted] of themselves as members [redacted] nation, in [redacted] modern political sense of [redacted] term, represented by [redacted] of Israel. That makes it all too [redacted] anti-semites [redacted] use "Zionist" as [redacted] code-word, and anti-Zionism [redacted] stalking-horse.

Yet [redacted] started by accepting the premise [redacted] anti-semitism, [redacted] is [redacted] Jews living outside the land [redacted] Israel are in some sense abnormal and do not belong where they are. And the Zionist proj[redacted] of creating a Jewish state in Palestine could not have been carried through without discrimination, [redacted] the vast majority of the population [redacted] Palestine at [redacted] beginning [redacted] this century [redacted] Jewish. [redacted] views and [redacted] had to be set aside in favour [redacted] those, real or presumed, [redacted] "the Jewish people". In this [redacted] the [redacted] in which Israel [redacted] rules the occupied territories, and the various forms of discrimination still practised against non-Jewish citizens even within Israel proper, are not accidental aberrations [redacted] something contained in [redacted] of the project.

But, you will ask, how else *could Jews have acquired* a nation-state of their own? [redacted] they the only people to [redacted] denied that right? My [redacted] that any nation which [redacted] itself [redacted] terms of heredity, rather [redacted] the common property of [redacted] those inhabiting a given territory, is indeed guilty of racism [redacted] will [redacted] obliged [redacted] adopt discriminatory practices towards those who live in "its" territory [redacted] belonging to it.

[redacted] Zionism [redacted] perhaps [redacted] racist than other ethnic nationalisms: Jewish identity [redacted] be acquired by religious conversion. A [redacted] could thus be mounted [redacted] the grounds that [redacted] discrimination involved [redacted] based [redacted] religious [redacted] rather [redacted] such. But I doubt if [redacted] would appeal [redacted] Zionists, [redacted] any [redacted] it would [redacted] inadequate, since no religious [redacted] is required of those who [redacted] born to Jewish mothers. They are assumed [redacted] Jews, [redacted] are accorded all [redacted] legal [redacted] social privileges attaching [redacted] in Israel, [redacted] if [redacted] quite [redacted] case) they proclaim themselves atheists.

Almost all nationalisms [redacted] content, [redacted] Zion[redacted] than many [redacted] if it confined itself [redacted] defending the existing Jewish [redacted] within agreed borders. Palestinians, if they [redacted] about making [redacted] with [redacted] must be ready [redacted] with [redacted] as [redacted] ruling ideology. But to ask [redacted] deny its [redacted] would [redacted] expecting Kurds to [redacted] to [redacted].

LETTERS

Protecting the pensioners

From R.E. Blair.

Sir, The £900m which you report (December 7) as owed to the banks by the Maxwell family's private companies is money loaned voluntarily – however misguidedly – by the banks. The beneficiaries of the pension funds from which hundreds of millions of pounds were improperly extracted by Mr Maxwell had no say whatever in this action. For the banks to be ranked ahead of the pension funds in what can be salvaged from this mess is grossly immoral; they should not be entitled to one penny until the pension funds' claims have been settled.

R.E. Blair,
Turret House,
Ivy Hatch,
Sevenoaks, Kent

From Mr Sean W.L. Hand.

Sir, It would clearly be inappropriate to speculate about the activities of any individual involved with the Mirror Group Newspapers pension funds. Lord Donoghue's widely publicised remarks at the weekend illustrate just how vulnerable final salary occupational pension schemes are to abuse by the very people entrusted with their care. Pensions law in the UK is only effective to protect pension funds so long as either the trustees are scrupulously honest or members have the support of a vigilant trade union or pressure group and a fighting fund. It is time we took *better care of our pensioners.*

Sean W.L. Hand,
Cameron Markby Hewitt,
Sceptre Court,
40 Tower Hill, London EC3

Utilities' competitiveness weakened by fragmented infrastructures

[redacted] J.M. Harper.

Sir, Your leader ("No way to sell [redacted] railway", December [redacted] right [redacted] basics held truth for other network utilities.

All their [redacted] should be held together, or where already fragmented they should be brought back under one regulated management. Their capacity should then [redacted] wholesaled on to separate unregulated retailers working in true competition.

To see why, one has only to look [redacted]. At the last count no fewer [redacted] 16 companies were building networks to replicate parts of that of BT; and there are more to come. The resulting fragmentation is [redacted] major [redacted] why Britain, which invented digitalisation and optical fibre, is slipping rapidly down the world league in telecoms technology and manufacture. And [redacted] conflict [redacted] the duty [redacted] regulate and the political [redacted] promote competition in the present [redacted] so [redacted] the regulator [redacted] his job (your [redacted] "Regulating the regulators", November 11 and [redacted] recent reports [redacted] BT).

Things [redacted] seriously [redacted] in the 1980s with our approach to network utilities in Britain. But I see symptoms which look alarmingly similar in gas and electricity; and all we weary commuters know there is a parallel in London Transport. [redacted] will be [redacted] must for the next government, [redacted] wins, [redacted] things back on [redacted].

Meanwhile you do an important service by canvassing reform. The wholesale/retail split is [redacted] place [redacted] start.

J.M. Harper,
11 Lullington Close,
[redacted]
East Sussex

Large industrial power consumers not subsidised in past and not seeking subsidies now

From I.J. Blakey.

Sir, The chairman [redacted] National Power, Sir Trevor Holdsworth, claims that large industrial consumers of electricity were subsidised in the past and seek subsidies again (Letters, November 23).

What they actually obtained through former special schemes, and what they are now seeking, is recognition of their high average year-round loads which sustain production in the cheaper power stations. Why should they pay the high marginal costs caused by the domestic consumer on a cold winter evening?

[redacted] Trevor [redacted] knows, *no* company in a competitive industry could expect [redacted] charge [redacted] major customer [redacted] same as an occasional buyer.

And what is Sir Trevor's evidence that [redacted]ty is subsidised to large users abroad, (presumably he means in continental Europe)? If he has any, he should bring it to the attention [redacted]. It could be that electricity enterprises [redacted] simply recognise [redacted]mercial [redacted].

I.J. Blakey,
Energy Intensive
Users Group,
5 Cromwell Road, London SW7

A tax to limit overtime

From M. Littlewood.

Sir, The argument about EC proposals to limit the hours of [redacted] could be easily solved by taxing the employer for overtime worked, at a progressive [redacted].

This would act as [redacted] disincen[redacted] to overtime work but would not prohibit it.

It would [redacted] the employer flexibility, [redacted] cost, and it would [redacted] him to train others to avoid expensive overtime charges.

[redacted] social [redacted] would include [redacted] unemploy[redacted] a better [redacted] population.

M. Littlewood,
managing director,
Lomir International,
Forest Vale
Industrial Estate,
Conderford,
Gloucestershire

Real benefit of references is in assimilating newly-hired employees

From Mr T.P.E. Machin.

Sir, Adrian Furnham (Recruitment, December 4), [redacted] correctly that [redacted] of reference are "too susceptible to bias ... to be of any real value" in making appointment decisions.

The reality in much of UK business is that [redacted] are taken usually after written job [redacted] made and accepted, and after successful candidates have resigned from [redacted] existing employers. Mr Furnham suggests that employers expect referees to be part of [redacted] "selection committee" and, if true, this presents potentially [redacted] conundrum for both employers and [redacted].

Verbal references are mentioned only briefly in [redacted] article. Experience dictates, however, that professionally managed [redacted] relying on [redacted] to make a "go/no go" decision on [redacted] *dates whom they* have selected. They will have [redacted] in making appointments the [redacted] mechanisms written about frequently by Michael Dixon (interviews, psychometric assessments, occupational [redacted] etc) as appropriate [redacted] their vacant positions.

What relevant, properly-planned verbal references, taken from referees determined as much by employers (having thoroughly explored candi[redacted] backgrounds) will provide, is [redacted] in assimilating new employees into their new culture. [redacted] frequently ignored and badly executed induction process to be improved, thereby making newly-hired employees more quickly [redacted] in their [redacted] working environments.

T.P.E. Machin,
271 Kenilworth Road,
Balsall Common,
Coventry

[redacted] Mr Adrian Williams.

Sir, Adrian Furnham's [redacted] you [redacted] that your [redacted] might find useful. They are:

"You will be very lucky if you can get this man to work for you."

"[redacted] left us as she [redacted] fired with enthusiasm".

Adrian Williams,
28 Trinity Street,
St Ebbes, Oxford

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Wednesday December 11 1991

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Doubts cast on Yeltsin's proposed economic reforms

Soviet conditions 'dangerously unstable', CIA director warns

By Lionel Barber, [redacted] Editor, in Washington

THE [redacted] warned yesterday that conditions in the [redacted] Union [redacted] "dangerously unstable" and predicted [redacted] worst civil disorder [redacted] winter in more than 70 years.

Mr Robert Gates, [redacted] new Central Intelligence Agency director, [redacted] economic and social problems could overwhelm the fledgling democratic Soviet republics.

Speaking [redacted] the House Armed Services committee, he [redacted] that a return to authoritarian government remained possible.

Mr Gates' warning came amid a continuing power struggle in Moscow between Mr [redacted] Yeltsin and [redacted] President Mikhail Gorbachev who has objected strongly [redacted] Russian president's weekend agreement to form a commonwealth with Ukraine and Belorussia.

In his congressional testimony, [redacted] Gates [redacted] doubt on whether Mr Yeltsin would be able [redacted] carry [redacted] proposed [redacted]nomic reforms next month.

Market reforms would [redacted] accompanied by inflation [redacted] unemployment which could generate a social explosion, he said.

"The possibility [redacted] be ruled out that such circumstances could produce [redacted] return [redacted] authoritarian government – whether led by reformers desperate to feed the people and stave off an explosion or by nationalists driven by a [redacted]phobic, atavistic vision of [redacted]sia," [redacted] Gates said.

Hard lines: the lifting of price controls will [redacted] little [redacted] queues in [redacted] shops

Since he took [redacted] CIA director, Mr Gates has ordered [redacted] least 10 different [redacted] the disintegration of what [redacted] described [redacted] several occasions yesterday as "the former Soviet Union".

The CIA [redacted] focusing special attention on the 27,000-plus nuclear [redacted] which [redacted] stationed in Russia, Belorussia, *Ukraine and Kazakhstan,* [redacted] well [redacted] risks [redacted] possible export of [redacted] equipment [redacted] hard currency.

[redacted] another factor looming large is the [redacted] political control over the Soviet armed forces.

[redacted] concern [redacted] this week after [redacted] Gorbachev, who [redacted] *in charge of* [redacted] Army, [redacted] weekend [redacted] by the three Slav republican leaders that the [redacted] Soviet Union stood dissolved.

[redacted] that divided political control could inspire [redacted] backlash from the armed forces [redacted] clear operating [redacted] and are already facing [redacted] economic hardship this winter.

A man living with his party's past

Philip Stephens assesses John Major's performance at Maastricht

THE British prime minister is a "charming, very courteous" man with whom it [redacted] to establish [redacted] personal rapport. [redacted] he [redacted] also "a [redacted] behind-the-times". [redacted] looked [redacted] Europe [redacted] to look [redacted] future.

That description of Mr [redacted] Major was offered by Mr [redacted] Dumas, the [redacted] foreign minister. It was one [redacted] thoughts [redacted] others [redacted] Maastricht.

It was an unsettling assessment for [redacted] Major as [redacted] *against his partners' insis*[redacted] that political union *treaty must include a social* dimension to regulate working *conditions across Europe*

Mr Major [redacted] share the post-imperial pretensions – nor the haunting distrust of Germany – which sour [redacted] approach [redacted] Europe of some in his Conservative party. Nor would he accept that [redacted] liberalisation of Britain's employment market [redacted] the past [redacted] has been anything but a step forward – an [redacted] from [redacted] corporatism of [redacted]

From [redacted] office Mr Major pledged [redacted] return Britain to the European mainstream. An assiduous believer in personal contact, [redacted] has travelled more frequently to other Community capitals than [redacted] prime minister since Mr [redacted] Heath.

Battling: John Major

He [redacted] talked with Chancellor Helmut Kohl on [redacted] fewer than nine occasions. But [redacted] seems acutely conscious [redacted] has [redacted] choice but [redacted] live with his party's uncomfortable past [redacted] summit, [redacted] least until [redacted] secured [redacted] new mandate [redacted] the [redacted] election.

Mr Major [redacted] prime [redacted] only [redacted] politics of Europe triggered the fall of Mrs Margaret Thatcher. She and [redacted] small band of "Eurospectics" [redacted] Westminster will [redacted] every word of [redacted] document he signs.

They are ready [redacted] repudiate [redacted] Perhaps 20 or [redacted] Conservative [redacted] are set [redacted] oppose in parliament plans for a single European currency – the more so [redacted] Britain's partners [redacted] dates for the enterprise.

[redacted]oothing [redacted] nothing will actually happen until [redacted] Europe [redacted]verged will [redacted] dissuade [redacted] from the view [redacted] the *European Union, as it will henceforth be called, is frogmarching Britain* [redacted]

Those rebels who will not be reconciled *have been discounted* in Mr Major's *negotia*[redacted] *stance.* [redacted] *majority* in parliament without them.

[redacted] haunted him *in* the past two days has been the [redacted] that, *if* [redacted] is judged by others in [redacted] party [redacted] have moved too far on the "conveyor belt" to [redacted] – albeit without [redacted] F-word in [redacted] political union treaty – then [redacted] revolt might become unmanageable.

Some in the cabinet believe that that is [redacted] misjudgment, [redacted] Mr Major still underesti[redacted] his own authority. But [redacted] prime minister is a [redacted]tious [redacted] whose first real experience of serious politics was in the role of a party man[redacted] at Westminster. [redacted] will [redacted] the support of [redacted]stituency in [redacted] party.

His parliamentary colleagues have [redacted] much [redacted] Mr Major [redacted] chipped [redacted] at [redacted] legacy [redacted] his predecessor. But the [redacted] union [redacted] deregulation [redacted] formed the core [redacted] her strategy for [redacted] 1990s are [redacted]

[redacted] *for* [redacted] yesterday [redacted] on the social dimen[redacted] *revived* poignant memories of [redacted] by [redacted] *Thatcher. His much*[redacted] friendship with Chan*cellor Kohl won him no ground* as the German leader [redacted] *fasted and then took tea with* [redacted] François Mitterrand.

The successes [redacted] achieved in other sections *of the treaty were lost in the* [redacted] and [redacted]

Mr Major's aides began [redacted] *prepare* [redacted] ground for [redacted] acceptance *of a let-out* clause on social policy to run alongside that [redacted] monetary union.

It would placate potential [redacted] in his party but [redacted] *leave* British voters, [redacted] whom he must turn within six months, wondering why they had [redacted] be [redacted] differently from their counterparts in France [redacted] Germany.

Customers to receive new code on banking practices

By David Barchard

A NEW CODE to guarantee minimum standards [redacted] banking practice and protect *personal customers'* [redacted] *is to* [redacted] unveiled tomorrow after nearly [redacted] of negotiations between the banks, building societies, and [redacted]sumer [redacted]

The voluntary code will tell [redacted] what they [redacted] expect from [redacted] banks [redacted] help them [redacted] understand how *their accounts operate.*

It [redacted] expected to come [redacted] *on March 16, and all* bank [redacted] will [redacted] issued *with* [redacted] *of it* [redacted] *they* [redacted] an account.

After months [redacted] *drawn-out* talks with consumers [redacted] *made what* they [redacted] as [redacted] concessions, [redacted] *the* [redacted] *is still* likely [redacted] incur [redacted] criticism [redacted] *lobby.*

Consumers' organisations [redacted] the code [redacted] year [redacted], saying it *merely formalised the existing* high-handed practices of the *banks and did little to improve* the quality of services offered *to customers.*

[redacted] important concession in *the final version of the code is* that the banks [redacted] not [redacted] on [redacted] tion [redacted] marketing [redacted] same group [redacted] they receive [redacted] consent of the person concerned. Custom[redacted] reminded [redacted] regular intervals [redacted] right [redacted] marketing information being passed [redacted]

In disputes [redacted] payment card transactions, [redacted] burden of proof will now [redacted] the bank and not on [redacted] in [redacted] where a [redacted] intercepted [redacted] to the [redacted] and [redacted]

[redacted] will [redacted] comply [redacted] requests [redacted] issue personal identification numbers with cheque guaran[redacted] cards when [redacted] customer does not [redacted] card which can be used [redacted] draw cash from a hole-in-the-wall [redacted]

[redacted] groups have been [redacted] the banks not [redacted] issue [redacted] which can perform [redacted] customers do not want, [redacted] example combined cash machine, cheque guarantee, and debit [redacted]

This [redacted] recommendation [redacted] the Jack [redacted] which reported on bank customer relations [redacted] years ago. [redacted] Treasury is expected to endorse the code in a statement on Thursday.

The banking ombudsman has already [redacted] approval. Consumer groups are likely to give it a [redacted] welcome, though [redacted] banks [redacted] criticism [redacted] the [redacted] that they [redacted] failed [redacted] introduce advance [redacted] charges [redacted] accounts.

Banks [redacted] that providing advance notification of charges would pose difficulties [redacted] their existing computer systems and would [redacted] more than £100m [redacted] well [redacted] a further [redacted] in annual [redacted]

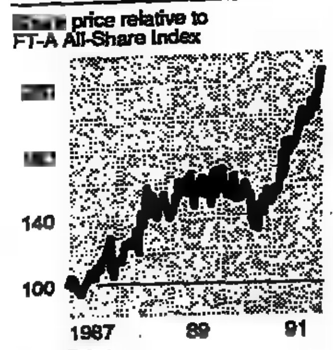
THE LEX COLUMN

Redland picks up the gauntlet

Last week's joint venture proposals from Tarmac and Steetley were a [redacted] challenge [redacted] the rest of [redacted] UK building materials [redacted] the speed of Redland's [redacted] *yesterday* was a surprise. Given rumours that Redland had [redacted] *stalking* its prey for some months, the market *might* [redacted] seen it [redacted] But many a mooted [redacted] this autumn [redacted] *failed* [redacted] materialise, [redacted] known [redacted] view [redacted] the bottom [redacted] the cycle has [redacted] necessarily been reached.

Although the [redacted] in [redacted] had [redacted] the value [redacted] the part cash [redacted] *native* [redacted] 352p last night, [redacted]ley's closing [redacted] pro[redacted] little encouragement for the defence. The market is *clearly* impressed by [redacted] possi[redacted] savings, [redacted] if talk [redacted] *earnings* dilution next year looks optimistic. [redacted] *record of* Redland's younger management [redacted] better, [redacted] little [redacted] choose on [redacted] longer view. And as the [redacted] Invergordon [redacted] Ultramar have demonstrated this *year,* it [redacted] to [redacted] on an auction developing.

[redacted] competition authorities could certainly present [redacted] hur*dle or two in the UK*, but there [redacted] think [redacted] *cannot be overcome when* Europe is the bigger prize. *Steetley's doubtless robust* defence will presumably [redacted] *improvement on* [redacted] present unseasonal [redacted]



FT-SE Index: *2,392.0 (-17.6)*

Inchcape

[redacted] price relative to FT-A All-Share Index

Source: Datastream

UK economy

Yesterday's producer price figures may have [redacted] *slightly* [redacted] by higher food [redacted] in November. [redacted] they [redacted] a much [redacted] accurate picture of underlying inflation than [redacted] retail price index, which is likely [redacted] show a slight uptick when [redacted] is published on Friday. Excluding [redacted] volatile elements [redacted] food, drink and tobacco, producer price inflation [redacted] fallen [redacted] year[redacted] of [redacted] per cent. [redacted] weaker dollar likely [redacted] feed through into lower [redacted] input [redacted] possibility that unit labour [redacted] may actually fall next [redacted] lying [redacted] should [redacted] on a firmly declining [redacted] This [redacted] be good news [redacted] although the implication [redacted] yesterday as [redacted] more [redacted] on the [redacted] summit. The imme[redacted] to sterling [redacted] in [redacted] on [redacted] *seems to* [redacted] lifted. The currency was in [redacted] case *helped yesterday by an attack* of nerves suffered by [redacted] D-Mark on worries about the Soviet Union. The risk remains more in the domestic political response to the summit.

A serious hand-bagging from [redacted] Thatcher [redacted] on his return could revive political worries in financial [redacted]kets. Otherwise, [redacted] on inflation, together with [redacted] that [redacted] potential [redacted] crisis [redacted] been averted, could prompt [redacted] rebound in the [redacted] market, especially [redacted] the prospect of core inflation in [redacted] makes real yields [redacted]ually attractive.

Inchcape

Inchcape's [redacted] rights issue and acquisition [redacted] Kemsley & Millbourn [redacted] be savoured, not [redacted] by *banks owed money by the vendor*, Sir Ron Brierley. TKM will *boost Inchcape's already* impressive worldwide reach in *the lucrative market of motor* importing and distribution, as *well as adding* a neat batch of retailing assets. Inchcape is *buying at the bottom of the* cycle for less than 10 times TKM's forecast [redacted] earnings. If its assumptions are right, [redacted] will immediately improve earnings. Gearing, assuming a further £65m of acquisitions in [redacted] marketing and [redacted] operations, will rise [redacted] around 30 per [redacted] Small wonder that it all [redacted] the blessing of Toyota, [redacted] franchise of [redacted] has [redacted] to propel Inchcape thus [redacted]

One obvious question is why Sir Ron decided to sell. Apart from his bankers' [redacted] the answer [redacted] probably that [redacted] astonishing rate [redacted] return from TKM – [redacted] shareholders' funds [redacted] – [redacted] year and was likely to be less *dramatic* [redacted] *future.*

Inchcape may be selling fewer Rolls-Royces in Hong Kong [redacted] *days,* but it has quietly reinforced [redacted] *has been one of the* class acts of the recession. It is *forecasting 9 per cent earnings* growth this year, accompanied by a *6 per cent* dividend increase. Since its annual results *last April* its shares have outperformed the market by a quarter. *The rate may* slow, but the trend looks set [redacted] continue.

UK retailing

[redacted] *UK market is* [redacted] through another [redacted] of [redacted] the *retail sector,* and rightly so. It seems certain by now that this *Christmas* will be the worst since the last recession. *For retailers in London and the South East it will* be worse. The picture gained from last weekend is clouded by the fact that the corresponding weekend last year was hit *by blizzards. But sales at John* Lewis, for example, are running 3 per cent below a year ago. In the last two weeks before Christmas last year, the situation was saved *by a last-minute surge in sales of some* 15 per cent. A repeat performance cannot be *ruled out, but* it would *not do to count on it.*

For retailers such as Ratners and Argos, who derive at least a quarter of their sales and much more of their profits from the month of December, the outlook is correspondingly glum. Granted, Ratners has already shifted a good deal of stock through general price-*slashing,* while Argos is much more flexible in its stock levels in the first place. But the nagging fact remains that the sec*tor is at a handsome premium* to the market on a historic *multiple of around 17.* Its *defenders* argue that the qual*ity stocks such as* Marks and Spencer, Boots and Kingfisher are not highly borrowed and are a necessary part of any portfolio geared to discount recovery. But the problem is one of timing. It is worth recalling that the bulls of the construction sector, for example, were calling the turn eighteen months ago.

Lasmo/Ultramar

Yesterday's [redacted] rap [redacted] Lasmo's [redacted] the Takeover [redacted] may have more serious repercussions than the company or its advisers care to admit. It is one thing to play a hard game; it is quite *another to overplay* a hand to the point where *institutions might reasonably question* the predator's judgment.

Britain isolated in summit row on social policy

Continued from Page 1

liament [redacted] legislative pow[redacted]

But [redacted] relief [redacted] Britain and Germany, [redacted] new treaty chapter on EC industrial policy [redacted] weakened, heading [redacted] possibility of interventionist proposals from the [redacted] Spain's insistent demands [redacted] more money for poorer southern [redacted] led [redacted] treaty [redacted] creating [redacted] "cohesion" fund, [redacted] help [redacted] EC [redacted] and improve transport links with the rest of the Community.

Madrid [redacted] won a protocol [redacted] the treaty committing the [redacted] reform [redacted] budget next [redacted] countries' [redacted] means [redacted] UK [redacted] claim that many southern governments privately [redacted] the treaty's *social policy provisions, but* [redacted] only Britain is ready [redacted] opposition public.

"We believe [redacted] [policy] [redacted] *in* the treaty would [redacted] Europe, not just the UK" in [redacted] competitive race with [redacted] US and Japan, [redacted] UK [redacted]

Britain has complained [redacted] the European Commission [redacted] misusing current Treaty of Rome provisions. In particular, it [redacted] that [redacted] proposal [redacted] *limit* working [redacted] up [redacted] health and safety measure, permitting majority voting, when London maintained [redacted] was a plan affecting general employee [redacted] area subject to unanimity.

[redacted] presidency retorted yesterday that it [redacted] precisely [redacted] UK objections [redacted] it tabled [redacted] compromise plan.

■ European government [redacted]ers [redacted] "unacceptable" [redacted] recent [redacted] in prejudice and [redacted] against foreigners. They said they were preoccupied by [redacted] racism and xenophobia" and voiced [redacted] "utter rejection" of racism.

■ [redacted] and [redacted] been singled [redacted] for early entry into [redacted] European Community, [redacted] to [redacted] EC [redacted]

[redacted] designed [redacted] Community's neigh[redacted] political [redacted]tary union [redacted] aimed [redacted] ting up a [redacted] barrier to [redacted] "Any European [redacted] government [redacted] founded on [redacted] principle [redacted] democracy may apply [redacted] become members of the Union", [redacted] draft statement [redacted]

Report shows £500m Maxwell loan losses

Continued from Page 1

tion of [redacted] private companies' [redacted] There [redacted] sons for this:

■ The valuations [redacted] certain operating companies, made by the US [redacted] bank, Bank[redacted] Trust, [redacted] regarded as too high by many bankers. [redacted] European newspaper is for example valued [redacted] even though [redacted] Coopers [redacted] was likely [redacted] in [redacted] six [redacted] 3 January.

■ The valuation [redacted] the [redacted] on [redacted] value [redacted] MGN and [redacted] of the discovery that more than £700m of funds had been secretly withdrawn both from [redacted] own [redacted] and from the [redacted] their pension funds. A [redacted] valuation [redacted] MCC, in [redacted] light of this [redacted] information, would probably reduce the overall value the private [redacted]panies' [redacted] by [redacted] least £400m.

The bottom line [redacted] that the private companies may only [redacted] just enough [redacted] secured bank debt [redacted] All [redacted] loans [redacted] private companies may [redacted] lost.

The Coopers report also discloses which banks are likely [redacted] the winners and [redacted] from a carve up of the private companies' [redacted]

NatWest [redacted] *the greatest* volume of loans at [redacted] Coo[redacted] clean claim [redacted] collateral totalling £197m. [redacted] certainly [redacted] overstatement, since [redacted] document [redacted] discloses [redacted] part [redacted] is [redacted] MCC shares, [redacted] are [redacted] certainly worthless.

On the [redacted] hand, it also [redacted] control of 131.4m MGN shares, worth [redacted] at the *125p price* [redacted] were suspended [redacted] week.

Lloyds has one [redacted] private companies [redacted] has *security worth* only £16m [redacted] the [redacted] the Coopers report. [redacted] *security is* likely to be worth [redacted] less, [redacted] it [redacted] 19.2m MCC shares. It has a further loan of £5m, for which [redacted] no security [redacted] all.

WORLDWIDE WEATHER

Today: England, [redacted] and [redacted] will [redacted] dry [redacted] sunny [redacted] a frosty [redacted] with freezing fog. [redacted] fog may linger [redacted] southern [redacted] northern England all day. *N Ireland* [redacted] will [redacted] cloudy but dry. [redacted] rain spreading [redacted] possibly reaching southern England by Friday.

		[redacted]	°F			°C	[redacted]			°C	°F			°C	°F
Ajaccio	F	11	52	Bordeaux	S	7	[redacted]	Dallas		–	–	Innsbruck	S	[redacted]	27
Algiers	S	15	59	Boulogne	S	0	[redacted]	Dublin	[redacted]	7	[redacted]	[redacted]	S	5	41
[redacted]	S	-1	30	Bristol	S	2	[redacted]	Dubrovnik		–	–	Isle of Man	S	[illegible]	45
[redacted]	C	5	41	Brussels	S	-2	[redacted]	Edinburgh	Fg	[redacted]	36	Istanbul	F	-1	30
[redacted]	S	25	77	Budapest	S	-1	[redacted]	Faro	C	16	61	Jersey	S	2	36
[redacted]	R	8	46	Buenos Aires		–	–	Florence	S	3	37	Johannesburg	F	22	72
[redacted]	C	5	41	Cairo	[redacted]	15	[redacted]	Frankfurt	S	-3	27	Las Palmas	S	21	70
[redacted]	Sn	-7	19	Cape Town	[redacted]	21	[redacted]	Geneva	C	0	32	Leeds	Fg	0	32
[redacted]	S	-5	23	Cardiff	[redacted]	2	[redacted]	Gibraltar	R	14	57	Lisbon	C	11	52
Biarritz	S	9	48	Chicago		–	–	Glasgow	Fg	-3	27	Locarno	[redacted]	1	34
[redacted]	Fg	-2	28	Cologne	[redacted]	-1	30	[redacted]	S	4	39	London	S	5	41
Blackpool	S	3	37	Copenhagen	[redacted]	1	34	Helsinki	C	0	32	Los Angeles		–	–
[redacted]	S	30	86	Corfu	[redacted]	8	46	Hong Kong	F	21	70	Luxembourg	S	[redacted]	27

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	20	68	[redacted]	C	22	72	Prague	[redacted]	-8	16	Tel Aviv	[redacted]	11	52
Madrid	S	[redacted]	46	[redacted]	S	6	43	Reykjavik	C	1	34	Tenerife	[redacted]	22	72
Majorca	S	14	57	Nassau		–	–	Rhodes	F	10	50	Tokyo	F	11	52
Malaga	Dr	[redacted]	[redacted]	[redacted]	F	2	36	Rio de Janeiro		–	–	Toronto		–	–
Malta	F	9	48	New [redacted]	S	23	73	[redacted]	[redacted]	7	45	Tunis	[redacted]	10	50
Manchester	S	5	41	New York		–	–	Salzburg	[redacted]	-8	18	Valencia	[redacted]	10	50
Melbourne	C	[redacted]	57	Nice	[redacted]	10	50	S'Francisco		–	–	Vancouver		–	–
Mexico City		–	–	[redacted]	F	14	57	Seoul	C	2	36	Venice	[redacted]	0	32
Miami		–	–	Oporto	F	15	59	Singapore	R	26	79	[redacted]	C	-8	18
Milan	F	1	[redacted]	[redacted]	[redacted]	1	34	Stockholm	[redacted]	0	[redacted]	[redacted]	C	-3	27
Montreal		–	–	Paris		–	–	Strasbourg	S	-4	25	[redacted]		–	–
[redacted]	C	-4	25	Peking	S	-1	30	Sydney	S	27	81	Wellington		–	–
Munich	[redacted]	[redacted]	14	Perth	[redacted]	34	93	Tangier	F	17	63	Zurich	Sn	-6	21

[redacted] at midday [redacted] C – Cloudy [redacted] F – Fair Fg – Fog H – Hail R – Rain S – Sunny [redacted] T – [redacted]

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday December 11 1991

INSIDE

Due to production difficulties there is no index

Redland launches bid for Steetley

By Our Financial Staff in London

REDLAND, the UK-based buildings materials group, yesterday launched [redacted] bid for Steetley which valued the company at £615m ($1.08bn).

Steetley [redacted] of Europe's [redacted] gest aggregates producers, [redacted] a substantial manufacturer of ready-mix concrete. [redacted] is [redacted] substantial manufacturer of quality facing bricks and clay tiles in the UK. The offer consists of 85 Redland shares for every 100 of Steetley.

Last week, Steetley announced a building products joint venture [redacted] which Redland [redacted] yesterday [redacted] cede [redacted] Steetley's [redacted] brick [redacted] on [redacted] yesterday its offer [redacted] venture not proceeding.

[redacted] profits [redacted] the year ending [redacted] be not less than £185m, and that its earnings for the same period would be not less than 30p per share. The company promised a final net dividend of 16.75p per share, making [redacted] payment for the year of 25p.

Profits in 1990 amounted [redacted] £245m pre-tax.

Redland [redacted] the [redacted] was successful it would expect to pay an increased dividend on its larger share capital in the year to December 1992.

Mr Robert Napier, chief executive of Redland, claimed yesterday: "The combination is truly visionary."

Work had been going on for a year or two on the scheme to merge with Steetley, [redacted] Merlin, and the arguments had been presented to Redland's board [redacted] June. A [redacted] Steetley would give [redacted] combined group brick manufacturing capacity [redacted] units which [redacted] expects [redacted] reduce to [redacted] through permanent clo-[redacted] 11 and [redacted] plants. This [redacted] of its own with manufacturing [redacted] ity for 50m bricks, which Redland has already [redacted] closed.

Mr Corbett said Redland was confident [redacted] savings to [redacted] merged group through production synergies, [redacted] overheads, purchasing [redacted] and distribution [redacted] would [redacted] the [redacted] premium.

There are additional [redacted] pulling together the financing operations of the [redacted] groups and for Redland there [redacted] the additional attraction of being able [redacted] Steetley's capacity [redacted] profits against advance corporation [redacted] Redland, [redacted] more than 70 per [redacted] group profits outside [redacted] UK, [redacted] not have sufficient UK profits to [redacted] set against ACT.

Lex, Page 18

Ariane Genillard reports on the privatisation of a Czech brewery

Trying to pour money into beer barrels

In a cellar in northern Bohemia, 10 metres underground, sit 5,000 old wooden barrels filled to the brim with a yellow bubbly liquid which, every two months, turns out as one of the best beers in the world.

Since the "For sale" sign went up on most of Czechoslovakia's enterprises, western buyers have flocked to try and buy the breweries, but, unlike anything else in Czechoslovakia, they will not be sold to foreigners.

Pilsen Breweries is a legend in Czechoslovakia and abroad and the Czech government has said the breweries will remain in Czech hands. But privatising one of the most desirable enterprises in the country has proven no easy task.

Under Czechoslovakia's privatisation programme, parts of state-owned enterprises are to be distributed for a small fee to local citizens in the form of vouchers, which will become shares once the privatisation process is completed. People wishing to participate in the distribution will be able to choose vouchers from a variety of companies. Any such investor will prefer a Pilsen Breweries' voucher to those of some other less known, possibly defunct, industrial manufacturer.

In an obscure office in the federal finance ministry, officials are devising a huge computer netw[redacted] to balance voucher demand and supply over [redacted] months until some value is attributed to each company's equity. What happens when hundreds of thousands of investors try to acquire vouchers from the famous breweries?

"Whether the government decides that 5 per cent of Pilsen Breweries or 60 per cent will be available for vouchers, [redacted] whole thing is [redacted] nightmare," [redacted] a [redacted] banker. "At best, [redacted] will need to cluster investors together, each holding a tiny fraction of [redacted] will [redacted] a share. This will prove to [redacted] a rather unworkable bunch [redacted] shareholders."

Instead, Mr [redacted] Gregoric, until recently director of the brewery, had [redacted] better privatisation idea – sell portions of the equity to a handful of local investors.

"Finding the [redacted] comes to Pilsen Breweries is no problem. Just recently, one person bought a brewery in Slovakia [redacted] Kcs350m ($11.5m)," said Mr Gregoric.


Pils parade in a London pub: exports of Czech beer to the west have increased 70 per cent in 1991

Picture: Trevor Humphries

The large sums of money flaunted in the privatisation of [redacted] enterprises has raised suspicions in the general public: people [redacted] money could have been accumulated. "Either it's illegal money or it is someone who held a special position in the old regime," say the local press.

Mr Gregoric, recently dismissed by the agricultural ministry which supervises the breweries, was planning the sort of manoeuvre the newspapers mistrust, according to his colleagues.

Part of his plan, colleagues said, was to commit partial future ownership of the [redacted] to a German brewery. For the right to acquire at a later date the shares of some local investors, the German brewery was willing to pay the director a handsome fee.

Mr Gregoric had one advantage over the German buyer – he knew he would not last as general director. Under a law recently adopted in the federal parliament, former [redacted] of [redacted] communist [redacted] ple's Militia or communist party officials cannot hold public office. As a director of a state-owned company who was once was [redacted] member of the People's Militia, Mr Gregoric was clearly unlikely to last.

So much for that privatisation project. In the meantime, the privatisation of Pilsen Breweries is being further delayed, at a great cost to the enterprise.

"As long as we are not privatised, we are no better than a nail factory," said Mr Stanislav Svec, commercial director. "We don't know what our future owners will demand, such as dividends for example, and we don't know what are our investment programme can be."

Pilsen Breweries, which pro-[redacted] 3m hectolitres of [redacted] a year, badly needs modernising to be able to compete in the world market. Ironically, the lack of investment under the former regime has kept the quality of the beer at the top of world standards.

But productivity is low. Three to five times more employees are needed to produce the same quantity of hectolitres as in foreign breweries. Every two months, in [redacted] factory's courtyard, employees wash [redacted] old wooden barrels by hand – only a few have been replaced by copper barrels.

Management [redacted] already devised ingenious ways to save money and increase revenues. In November, [redacted] enterprises issued six-month commercial paper worth [redacted] with [redacted] yield [redacted] the investor of [redacted] cent.

This [redacted] not only the first issue [redacted] commercial papers to [redacted] investors in Czechoslovakia, [redacted] also much cheaper [redacted] interests [redacted] loans from local banks.

Exports to western countries have increased 70 per cent in 1991 compared with [redacted] US [redacted] customer, according to Mr [redacted] Opatrny, head of exports division.

But the company's employees [redacted] about the [redacted] of the [redacted]. Delays in the privatisation [redacted] demoralised some employees who [redacted] find better-paid jobs in the private sector. One employee said: "Any head brewer in a small German brewery earns [redacted] times more than here."

Unlike his colleagues, Mr [redacted] Pucha, [redacted] brewer [redacted] Pilsen, is not thinking about leaving the brewery yet, [redacted] not [redacted] 150th anniversary next year. "It's [redacted] just [redacted] question [redacted] money," [redacted] "Here, we [redacted] our liquid bread anyway."

French postpone sale of Elf shares

By [redacted] Rawsthorn in Paris

THE French government yesterday announced it [redacted] postponing the proposed FFr2bn ($360m) [redacted] of shares in Elf-Aquitaine, [redacted], because of the [redacted] of [redacted] Paris [redacted] market.

Elf, which [redacted] interests in [redacted] and chemicals, [redacted] intended [redacted] be the first [redacted] for [redacted] socialist government's [redacted] sial partial privatisation programme. The [redacted] critical [redacted] government's plan [redacted] sell off minority holdings [redacted] a number of other public sector companies, including [redacted] industrial groups.

Mr Pierre Bérégovoy, [redacted] French finance minister, [redacted] yesterday expected to announce the price for [redacted] share sale which [redacted] involve selling 2 per cent of Elf's equity, thereby reducing [redacted] holding from 53.8 per cent [redacted] 51.5 per cent.

[redacted] government announced [redacted] postponing [redacted] due to concern about [redacted] of [redacted] French [redacted] market. The Paris [redacted] has [redacted] roughly [redacted] in [redacted] past four [redacted] following the Wall [redacted] "mini-crash" in mid-November and [redacted] in French [redacted].

Elf's [redacted] price has fallen, reflecting [redacted] weakness. The company's shares, [redacted] FFr435 on [redacted] 15, the [redacted] Wall [redacted] mini-crash, had slipped to [redacted] by the end [redacted] trading yesterday.

Given [redacted] the government was unwilling to risk [redacted] flop [redacted] the start [redacted] partial privatisation programme, it decided [redacted] delay the Elf share [redacted] until market conditions improve. Under the terms of the proposed partial privatisation the government reserved the right to postpone the [redacted] judged that market [redacted] were [redacted].

Four years ago the right wing French government, under Mr Jacques Chirac, encountered difficulty when it decided to go ahead with the privatisation of Compagnie Financière de Suez, one of [redacted] leading financial groups, in the depressed market in the wake of the 1987 Wall Street crash.

The government yesterday [redacted] the Elf share sale had [redacted] postponed, [redacted] cancelled.

Earlier [redacted] month the government concluded the successful FFr1.89bn [redacted] a 25 per cent [redacted] in Crédit Local [redacted].

Inchcape in £383m acquisition

By Our Financial Staff in London

INCHCAPE, the international motor distribution and retailing, services and marketing group is to take over Tozer Kemsley & Millbourn, the motor distribution and retailing subsidiary of Brierley Investments in a deal worth up to £382.5m ($677.02m).

Inchcape, already one of the world's largest independent car distribution and retail groups, is planning an unusually structured one-for-three rights issue to raise £376.2m.

The rights issue is priced at 310p per share. Inchcape shares tumbled 18p to 383p after the announcement.

Tozer Kemsley's [redacted] nesses are import, [redacted] and retailing of vehicles in the UK, Ireland, France and Australia. Inchcape said it expected to make pre-tax profits of not less than £180m in the year to end December 1991, compared with pre-tax profits of £174m in 1990.

It said it intended to recommend a final dividend of not less than 7.5p a share, making a total of 12.5p net for the year. The 1990 dividend was 11.8p net. It forecast 1991 earnings per share of 27.7p against 26.1p in 1990.

Tozer Kemsley's retail activities, which accounted for 18 per cent of profit in 1990, consist of 55 outlets in the UK – 48 in the Wadham Kenning Motor Group and seven in the Cooper Group – as well as 11 outlets in France.

Inchcape said its rights issue to pay for the acquisition [redacted] be in the [redacted] non-interest-bearing convertible unsecured loan stock, payable in [redacted] equal instalments which would [redacted] convert automatically into new ordinary shares.

Payment of [redacted] instalment, not conditional [redacted] the acquisition, will [redacted] before [redacted] the [redacted] instalment, conditional [redacted] approval [redacted] the acquisition, will [redacted] the remaining £196.[redacted]

If the acquisition [redacted] not go ahead and the second instalment is not needed, the rights issue will be on the basis of one new ordinary share for every six ordinary shares.

Lex, Page 18

Devenish profits exceed forecast

By Philip Rawstorne in London

J.A. DEVENISH, [redacted] UK [redacted] country-based pub retailing company, which earlier this year beat off a takeover bid from Boddington, increased full year pre-tax profits from £11.26m ($19.82m) to £11.47m.

The result just exceeded the £11.3m forecast made by Devenish in its defence campaign in May which cost £2.35m.

Defence costs are included in an extraordinary charge of £5.14m which also takes account of the closure costs of the company's brewery and the £10.4m profit on the sale of its wholesale business during restructuring.

"We are now a clearly focused retailing operation," said Mr Michael Cannon, chairman. "There are opportunities for growth and we are determined to increase our estate." The company plans to acquire another 100 pubs over the next three years.

Turnover on continuing activities in the year ended September 30 rose from £58.15m to £62.48m. In spite of difficult trading conditions, operating profits increased 9 per cent to £15.48m from £14.19m. Managed pubs performed strongly with profits 18.6 per cent ahead.

"Trading in the first two months of the current year is in line with our expectations and ahead of last year," said Mr Can-[redacted]

A revaluation of the company's 230 managed [redacted] showed [redacted] reduction of £4.94m since the previous year; and tenanted pubs sold during the year have, on average, realised prices 2.9 per cent below book value.

The balance sheet has been strengthened, with borrowings down from £35.1m to £14.9m; and gearing reduced from 23.4 per [redacted] to 10.5 [redacted]

Fully diluted earnings [redacted] share grew from [redacted]p to 16.41p; and a final dividend [redacted] 5.05p [redacted] total payout 17.9 per cent to 6.25p.

Gardini consortium buys FFr1.65bn Sucden assets

By William Dawkins in Paris

SUCRES et Denrées (Sucden) the debt-laden French commodity trader, yesterday announced it had sold three industrial units and a stake in the parent company for a total [illegible] FFr1.65bn ($311m) [illegible] a consortium led by Mr Raul Gardini, the Italian businessman.

The complex deal gives Mr Gardini, acting with Mr Jean-Marc Vernes, chairman of the Italian-owned sugar producer Béghin-Say, control over Barry, the [illegible] company's cocoa bean processing subsidiary and leader in the [illegible] market, plus Vital and Sogeviandes, which together represent France's largest private meat trading and processing business.

Barry [illegible] a turnover [illegible] FFr2.96bn last [illegible] and employs 2,400 people, while Vital and Sogeviandes had combined sales [illegible] FFr4.6bn in 1990 and employ [illegible].

Mr Gardini and Mr Vernes will [illegible] a 16.6 per cent [illegible] in Sucden and lend [illegible] FFr400m, repayable in shares which could bring their stake up [illegible] per cent by 1996, when the loan [illegible] be repaid. Mr [illegible] Varsano, the 35-year-old [illegible] Sucden's founder, who has run the group for the past three years, will continue to be the majority shareholder.

The FFr1.65bn cost of the deal is made up of a FFr1.1bn contribution to a new industrial holding company, in which Sucden will [illegible] the same time buy a minority stake; FFr150m for the stake in the French group, plus the loan. Sucden will pay FFr400m for 26.7 per cent of the holding group, the rest of which will [illegible] held by Mr Gardini [illegible] Vernes.

This [illegible] lation that Mr Gardini, former [illegible] agriculture-to-chemicals business – [illegible] controls [illegible] – [illegible] looking [illegible] business come-back in France. It also relieves the financial pressure on Sucden, [illegible] medium and long-term [illegible] climbed [illegible]bn, as [illegible] shareholders' funds [illegible] FFr870m, by the end of June. Sucden announced at the time [illegible] expected to open [illegible] capital to a minority shareholder and to sell stakes in the cocoa and meat processing [illegible].

Last year, Sucden [illegible] FFr476m [illegible] turnover of FFr46.75bn, mainly due to trading losses on a few large commodity [illegible] Sucden, the group's [illegible] coffee trading unit.

[illegible] first [illegible] ing the Barry [illegible] processing business in October, but [illegible] a FFr1.1bn bank loan allowing [illegible] to delay the operation for [illegible] opportune [illegible].

Groupe Salomon returns to black

By Alice Rawsthorn in Paris

GROUPE SALOMON, one [illegible] the leaders in the French [illegible] equipment industry, moved back into the black in the first [illegible] its financial [illegible] by making pre-tax profits of [illegible] compared with [illegible] in [illegible] same period [illegible].

This summer, Salomon reshuffled [illegible] when Mr Georges [illegible]mon, who [illegible] the company in [illegible] late [illegible] retired in favour of Mr Jean-François Gautier, a former executive of Thomson, the state-owned elec[illegible].

Salomon [illegible] suffered in recent years after three succes[illegible] of poor [illegible] in the Alps. The market has recovered this year helping [illegible] group to move back into profit. [illegible] increased [illegible] FFr1.2bn (FFr1.0bn) in [illegible] months [illegible] September 30 [illegible] it produced operating profits of [illegible] against [illegible] of [illegible].

Salomon's return [illegible] the black mirrors that [illegible] Groupe Skis Rossignol, another prominent French player in ski products, which earlier this month announced [illegible] profits [illegible] FFr840,000 for [illegible] first half of [illegible] financial year against losses of FFr11.97m [illegible] period [illegible] 1990.

However, Salomon [illegible] yesterday [illegible] operating profits in the second [illegible] "[illegible] favourable" [illegible] of [illegible] worldwide economic slowdown. The group does expect to break even by the end of [illegible] financial [illegible] operating level and to be profitable over[illegible] in the capital gains [illegible] from selling a minority holding in two Japanese subsidiaries to a venture capital [illegible].

Synthélabo launches offer for Delalande

By William [illegible] in Paris

SYNTHELABO, [illegible] unit of [illegible] L'Oréal cosmetics multinational, yesterday [illegible] all-paper offer for Delalande, a FFr1.[illegible] annual turnover pharmaceuticals group.

This is Synthélabo's second acquisition since taking control of Laboratoires [illegible], the FFr1.6bn [illegible]-owned drugs group, for [illegible] price [illegible]. Synthélabo is offering 11 of its own shares for every three [illegible] shares.

It is the latest stage in a consolidation of medium-sized French drugs [illegible], triggered by a change [illegible] the [illegible] designed [illegible] reward companies with [illegible] and development budgets. The scheme allows producers of innovative drugs to charge [illegible] prices and reduces the number of drugs reimbursed by the state.

Synthélabo, [illegible] last year reported sales of just over FFr3.3bn, will now have sales of more than FFr6bn as a result of the latest two deals. In another recent French [illegible] industry takeover, [illegible] Liquide, the industrial gases producer, sold its pharmaceuticals offshoot, Lipha, [illegible] E. Merck the German [illegible].

The new group will have half [illegible] sales in foreign markets and [illegible] more than FFr1bn annually on research [illegible] development on the central [illegible] disease [illegible] gastroenterology, [illegible] Synthélabo. Outside France, [illegible] Germany [illegible] Italy [illegible] a strong presence in Japan, said Synthélabo.

Akzo repeats earnings forecast

AKZO, the [illegible] repeated [illegible] expects [illegible] earnings, excluding extraordinary items, [illegible] be slightly [illegible] than [illegible] 1990, when it earned Fl 727m ($427.6m) [illegible] a Fl 64m charge, Reuter reports. It would [illegible] comment on the [illegible].

ING masks intentions on BBL bid

By Ronald van de Krol in Maastricht

INTERNATIONALE Nederlanden Groep (ING), the big Dutch banking and insurance group, repeated yesterday that it was holding exploratory talks on international expansion.

However, it declined to comment on a newspaper report that it was considering bidding [illegible] Banque [illegible] (BBL), Belgium's [illegible] largest bank.

The report, which said ING planned to decide on a possible bid by the end of the year, prompted BBL to ask for trading [illegible] its shares [illegible] be suspended [illegible] the [illegible].

The bank denied it [illegible] been approached on a bid. It said it [illegible] requested trading be suspended [illegible] prevent speculative [illegible] price.

The report said the proposed paper-and-cash [illegible] would be worth between BFr3,500 and BFr4,000 per share, producing a [illegible] to [illegible] of [illegible] ($1.65bn) [illegible] Fl [illegible].

[illegible] shares [illegible] suspended at BFr2,850. Trading was expected [illegible] resume today or Thursday.

ING, formed earlier this year through the merger between Nationale-Nederlanden, the leading Dutch insurer, and [illegible] Postbanken, the country's [illegible] largest bank, would neither confirm nor deny that it was planning a bid. It [illegible] it [illegible] commented on "frequently-surfacing" rumours about potential partnerships.

The financial services group has said that it wants [illegible] expand in Europe, particularly in the banking sector. A [illegible] of market rumours has linked it to various potential partners [illegible] Europe, but [illegible] far ING [illegible] yet to make a big acquisition.

Analysts said BBL's network of nearly 1,000 offices would offer ING an attractive distribution outlet in Belgium for its insurance products. But they [illegible] noted [illegible] BBL's shareholders include insurance companies which might be reluctant [illegible] provide market access [illegible] a competitor. ING already owns a [illegible] nearly 6 per cent in BBL through De Vaderlandsche, a Belgian subsidiary.

More than [illegible] per cent of [illegible] capital is in the hands of a loose [illegible] of institutional investors which [illegible] agreed to give each other the right to refusal [illegible] shares are sold.

The single biggest shareholder is Groupe Bruxelles Lambert with nearly 12 per cent, closely followed by Groupe Royale Belge. The remaining institutional investors have holdings of several percentage points each.

Bavarian bank earnings soar

By David Waller in [illegible]

[illegible] Hypotheken- [illegible] Wechsel-Bank, [illegible] smaller of [illegible] two large banks, yesterday became the latest of Germany's leading banks to report a surge in profits for the first 10 months of the year.

Partial earnings growth at the Hypo-Bank group – earnings without any contribution from trading activities – rose by 11.3 per cent to DM971.8m ($647.8m).

Total profit for the group [illegible] than twice this rate, by 24.1 per cent to DM1.11bn when compared with [illegible] year's figures on a [illegible]. At [illegible] parent bank, total operating profits rose by just over 20 per cent to DM8[illegible].4m.

Mr Everhard Martini, the bank's chief executive, said the growth in total profits reflected not just better trading results but considerably lower write-[illegible] on trading activities.

The parent bank's trading results jumped to DM135.7m, an increase [illegible] DM85.4m, or 170 per cent, compared with the proportionate result for the comparable period last year.

At [illegible] operating level, [illegible] main factors behind [illegible] increase was strong demand for credit and a widening of lending margins on both corporate lending and mortgages. Group interest income increased 12.3 per cent to DM1.889bn.

Mr Martini said the bank planned to increase its provisions against uninsured Soviet debt, to cover more than two-thirds of the bank's exposure. The total is at present "under DM600m".

Berna to acquire main competitor

By Ian Rodger in Zurich

BERNA, [illegible] machinery component subsidiary of the acquisitive Swiss machinery group, Saurer, is buying Xaloy of Pulaski, Virginia, its main competitor.

Mr Thomas Wellenmann, president of Berna, said the group was paying the equivalent of six times current year trading profits for Xaloy, a privately-owned company.

He said Xaloy's annual turnover was approximately $31m.

Both companies make bimetallic cylinders for injection moulding machines and [illegible]sion machines. Berna [illegible] shut off nozzles for these machines and Xaloy makes [illegible] screws. Together, the two would [illegible] the [illegible] in these products, with combined annual [illegible] about SFr100m ($76.9m) Mr Wellenmann said.

"Our customer [illegible] is becoming more global through acquisitions and takeovers, but [illegible] the component side, [illegible] trend has not been seen up to now. We are in the lead," he said.

Last June, [illegible], which is controlled by Mr Tito Tettamanti, bought [illegible], a big German manufacturer of textile machinery, to strengthen [illegible] machinery business. In [illegible], [illegible] bought 6.7 per cent of the capital of Rieter, a Swiss competitor in textile machinery.

هكذا من الأصل

INTERNATIONAL COMPANIES AND FINANCE

UAL takes key Pan Am routes

By Nikki Tait in New York

SHARES IN United Airlines, the large Chicago-based [redacted] rier, jumped $1⅛ to $118¾ yesterday after the carrier emerged [redacted] the largest beneficiary of the Pan Am auction which ended shortly before midnight on Monday.

UAL ended up acquiring the bulk of Pan Am's Latin American/Caribbean routes for $135m.

These were the last significant asset of the international carrier, which finally grounded its fleet last Wednesday. The routes have traditionally been profitable, and were built up by Pan Am in the 1920s.

As part of the deal, UAL said it would offer jobs to up to 1,000 former Pan Am employees over the next two years.

The package also included landing slots in New York, Washington and Chicago. UAL, which had always been the favourite to acquire the Latin American routes, was believed to have offered $235m for this division of Pan Am last summer.

Monday's extremely lengthy auction generated a further [redacted] for creditors due to [redacted] $25m offer from Delta Air Lines for Pan [redacted] New York-Mexico route.

Delta acquired other Pan Am assets – including its East Coast Shuttle and remaining transatlantic routes – last autumn, and was the immediate catalyst for Pan Am's grounding when it refused to provide further temporary loan finance.

The fate of Pan Am's Detroit-London route – which [redacted] been the subject of fierce competition between Delta and Northwest Airlines – remained unresolved. Delta [redacted] to [redacted] purchased this as part of the package of Pan Am assets bought during the autumn.

However, the Department [redacted] Transportation had yet [redacted] approve this route transfer, and Northwest, which has a hub [redacted] Detroit, had fiercely contested Delta's application. [redacted] no US [redacted] currently flying the route, there was speculation yesterday that th[redacted] DoT would rule this [redacted] on [redacted] matter.

The outcome [redacted] Pan Am auction gives UAL perhaps the best-balanced network [redacted] "mega carriers". It already has a fairly strong Pacific network, and has been building up its European routes recently.

However, UAL may face formidable competition in Latin America from American Airlines, which bought the defunct Eastern Airlines' routes there. This prompted some analysts [redacted] question whether UAL might be stretched operationally in the short term, especially if there [redacted] teething problems with the [redacted] Pan Am routes.

The airline has warned of record losses this [redacted], and [redacted] still establishing [redacted] position in Europe. "They've got a lot [redacted] their plate," suggested Mr Paul Turk, [redacted] Avmark, [redacted] aviation consultancy.

Pentland sells last stake in Reebok

By Martin Dickson in New York

PENTLAND, [redacted] UK [redacted] products group, announced yesterday it had sold [redacted] remaining stake in Reebok of [redacted].

The [redacted] grew from [redacted] origins in [redacted] in Reebok, [redacted] a fledgling [redacted] business, but [redacted] has gradually reduced its stake over the years.

It [redacted] left with [redacted] block [redacted] 11.75m shares, [redacted] cent of Reebok's equity.

It has now agreed to sell the stake to First Boston, the investment banking group, and Montgomery Securities at $25.38 per share, against a closing market price on December 9 of $26.25.

Pentland said the sale was part of its strategy of liquidating low-yielding [redacted] investments over which it had no influence or control.

The proceeds would be used [redacted] its strategy of investing surplus cash resources in branded consumer products businesses that could be acquired [redacted] sonable prices.

The cash would initially be invested in deposits and other liquid investments.

The book value attributable to the stake was approximately £41m ($74m) as at June 30 1991.

Televisa to sell 20% of capital

By Damian Fraser in Mexico City

TELEVISA, Mexico's privately-owned television company, has put up for sale 20 per cent of its capital [redacted] $740m. The initial public offering was made available simultaneously in the Mexican, New York and other stock markets.

The placement, if successful, will be Mexico's second largest equity offering, after the $2.2bn issue of stock in Telmex, the telephone monopoly in May.

Televisa has total assets of $2bn, and 287 subsidiaries, including television channels, radio stations, soccer teams and a cable franchise. It controls around 80 per cent of television advertising in Mexico.

It will probably use the proceeds to expand in the US; the company is set to increase its penetration of the US Hispanic market and to start [redacted] ting from [redacted] the US-Mexican border.

Televisa is [redacted] likely to bid for Channel 7, [redacted] Mexican [redacted] about to be privatised.

The offering, wh[redacted] opened yesterday, is being managed by Goldman Sachs, [redacted] by the brokerage [redacted] y [redacted] in Mexico. It was for 9.5m L shares in Mexico, 16m American depositary receipts in the US which are worth 2 L shares, [redacted] 9.5m global depositary shares in international markets.

The [redacted] were initially priced [redacted] early trading yesterday, they rose to $28.

Televisa's stranglehold over [redacted] television industry [redacted] strong [redacted] advertisers have to [redacted] air [redacted] in [redacted].

Many [redacted] performers are blacklisted if they appear [redacted] channels.

Despite this near monopoly it managed to lose money from 1988 to 1990, partly because of its ill-fated di[redacted] in the US. The [redacted] lost [redacted] $100m in starting [redacted] the now-defunct American sports newspaper The National.

Heinz declines 12.1% to $122.8m

By Nikki Tait

H. J. HEINZ, the Pittsburgh food group, yesterday reported a 12.1 per cent decline in second-quarter profits, to $122.8m after tax from $139.8m last time. Earnings per share fell 11.5 per cent to 46 cents.

The company was helped by a $221.4m pre-tax gain from an asset sale in the first quarter and is showing profits of $377.2m after tax in the first half of its financial year – which finishes at end-April – compared with $283m in 1990-91.

However, Mr Tony O'Reilly, Heinz chairman, said he was looking forward growth of about 12 per cent in earnings per share over the year. Heinz shares gained $¼ to $38⅝ in New York before the close.

Heinz attributed the second-quarter downturn to its use of the asset disposal gain – from the sale of its Hubinger subsidiary – to boost marketing expenditure and step up cost-cutting moves.

The company is in some highly-competitive areas of the [redacted] business, [redacted] diet foods and pet [redacted].

"Marketing [redacted] are in place," [redacted] Mr O'Reilly, "[redacted] will [redacted] effect in [redacted] balance of [redacted] year."

[redacted] during [redacted] second quarter fell from $1.64bn [redacted] $1.59bn this time. How[redacted], Heinz [redacted] this [redacted] mainly [redacted] of Hubinger [redacted] Caribbean Restaurants, [redacted] subsidiary, [redacted] the [redacted] the US dollar [redacted] foreign currencies.

INTERNATIONAL CAPITAL MARKETS

Nippon Steel renegotiates deal with Oracle Systems

[redacted] Robert Thomson in Tokyo

NIPPON Steel, [redacted] world's largest [redacted] producer, is [redacted] purchase up to 25 per cent of the Japanese subsidiary of Oracle Systems, [redacted] leading US software company, as part [redacted] its continued diversification into the computer industry.

The stake, which will cost Nippon Steel about $100m, is far less substantial than a deal announced in June, which provided for a 49 per cent stake in the Japanese subsidiary and 8 per cent in Oracle Systems, for [redacted] totalling [redacted]

Oracle Japan [redacted] the smaller [redacted] by Nippon [redacted] improvement in [redacted] US company's [redacted] position [redacted] year. However, [redacted] two companies still [redacted] original aim [redacted] "strategic partnership" in [redacted] development and [redacted]keting.

The agreement [redacted] one of a growing number [redacted] electronics partnerships between Japanese [redacted] companies, and highlights [redacted] attempts of most Japanese steel producers [redacted] develop expertise in computer hardware and software.

However, [redacted] new contract gives [redacted] direct involvement in the management of Oracle Japan as it will [redacted] appoint only two of eight directors instead of the [redacted] under the original proposal.

For that privilege, the [redacted] company will provide an $80m subordinated loan to Oracle Systems of the US. It is expected to use the repayment to buy most of its allowed 25 per [redacted] Japan. Nippon Steel has agreed not to acquire additional [redacted] of Oracle Japan, nor any shares of Oracle Systems, "subject to certain limited exceptions".

The companies presume their partnership will allow them to customise existing and future Oracle software products for the Japanese market, which is reckoned to be worth $18bn, but which the American Electronics Association expects will grow to about $33bn by 1995.

Although Nippon Steel's diversification has included investment in the development of new materials and the building of a theme park, the company has a "mid-range strategic plan" targeting electronics and information [redacted] as important [redacted] expansion.

Hyundai founder clarifies job plans

By John Ridding in Seoul

MR CHUNG Ju Yung, honorary chairman of the Hyundai Group, one of South Korea's largest conglomerates, yesterday dispelled speculation that he would retire next year. He said he would spend the next three years restructuring his diversified business empire and then retire in 1994.

Mr Chung (pictured below), who has been at the centre of a bitter dispute with the Korean government concerning evasion of taxes and illegal

[redacted] manipulation, was [redacted] to retire [redacted] to pursue political [redacted]

"I will finish the work of splitting the group within three years," he told Yonhap, the South Korean news agency. "This decision has been made so that I can complete the group's division myself."

Mr Chung said he wanted to restructure the [redacted] into independently-run subsidiaries, [redacted] that this required a reshuffle of the top [redacted]ment.

The Hyundai Group, which manufactures a wide range of products, from ships to cars and petrochemicals, and which is also involved in several service industries, has a highly-centralised management structure. Mr Chung, the founder of the group and honorary chairman since 1987, still wields management control over many of the group's 42 subsidiaries.

South Korea's government has been pressing Hyundai and the other chaebol, the large conglomerates which dominate the economy, [redacted] decentralise management, specialise in a smaller number of industries, and reduce family control of the conglomerates.

As [redacted] of this [redacted], the government last month charged the Hyundai Group with irregular share transactions and the avoidance of inheritance taxes, and fined it penalty taxes totalling a record Won136.1bn ($181.5m).

After a bitter and public dispute, Mr Chung agreed to pay the taxes. Yesterday, the group paid Won380m of the fines, taking the total paid to Won855m. The group said the balance would be paid by the end of January next year.

Bond debt appeal is dismissed

[redacted] Brown in Sydney

[redacted] BOND, [redacted] entrepreneur, [redacted] on the brink of bankruptcy [redacted] night [redacted] Wales Court [redacted] Appeal dis[redacted] his appeal against a lower court judgment ordering him to repay US$194m to the Hongkong Bank of Australia.

The judgment [redacted] the resumption of [redacted]ruptcy proceedings against Mr Bond, [redacted] by the Federal Court pending the outcome of his appeal against [redacted] order to [redacted]

The [redacted] part of [redacted] US$336m loan made [redacted] subsidiary [redacted] Dallhold, [redacted] private [redacted], by Hongkong [redacted] Australia, [redacted] subsidiary [redacted] Hongkong [redacted] Shanghai Bank; Tricontinental; and [redacted] Zealand.

[redacted] funds were used [redacted] a nickel project in Queensland.

Mr Bond claimed [redacted] had been given an assurance by Mr William Purves, chairman of [redacted] and Shanghai Bank, [redacted] personal guarantee [redacted] part of [redacted] would [redacted]rced.

In [redacted] appeal court judgment, the NSW Chief Justice, Mr Murray Gleeson, said he believed Mr Purves' denial that any such assurance was given. The judge said the circumstances of the loan "cry out in disbelief of any such arrangement".

The court also rejected Mr Bond's claim that three notices of demand served by the bank were invalid.

"The truth, of course, is that [Mr Bond] did not have the funds available to him and had no prospect of getting them," the judge said.

Hongkong Bank is expected to return to court later this week to seek a judgment ordering the immediate payment of the debt. If Mr Bond does not pay, the banks will request the federal court to resume bankruptcy proceedings. Mr Bond's legal advisers are believed to be considering an appeal to the High Court, Australia's highest court.

Mr Bond [redacted]ller court hearing that he had few assets left, other than A$50,000 [redacted] in three bank accounts in Perth, and a superannuation fund [redacted] around A$2m from Bond Corporation Holdings, his former corporate flagship.

Mr Bond lost control of Bond Corporation after it declared Australian record losses of more than A$2bn last year. The company, once one of Australia's biggest, has since sold most of its assets.

Bank sells more of Cathay

[redacted] is seeking [redacted] in Cathay Pacific Airways, according to the bank's [redacted] broking subsidiary James Capel, [redacted] Angus [redacted] in Hong Kong.

Hongkong Bank refused [redacted] comment. H[redacted], it [redacted] expected [redacted] disposals of Cathay shares after the sale of a 2.8 per cent stake in April. The sale, which left Hongkong Bank with 13.78 per cent, was part of a gradual disposal of [redacted] interests.

Swire Pacific, the British trading group, has a 51.8 per cent stake in Cathay. Citic Pacific, [redacted] Hong Kong-listed arm of Peking's China International Trust [redacted] Corporation, [redacted] per [redacted] stake. Hysan Development, [redacted] Hong Kong property firm, owns 5.1 per cent.

Singapore vehicle group [redacted] 27%

CYCLE and Carriage, [redacted] Singapore-based vehicle group, [redacted] pre-tax profit by [redacted] per [redacted] for the year to September, AP-DJ reports.

It [redacted] helped by stronger vehicle sales in Singapore and [redacted], and a profit on its property side. Taxable profits were S$105.6m ($64m) on sales up 41 per cent at S$1.17bn.

Aircraft lease cash to TNT unit resumes

By Kevin Brown

TNT, the Australian transport group, yesterday said America West, the troubled US airline, had resumed aircraft leasing payments to Ansett Worldwide Aviation Services (AWAS), a jointly-owned subsidiary of TNT and News Corporation.

The resumption of payments is further good news for TNT, which earlier this week announced plans to raise up to US$315m through the flotation of TNT Freightways Corporation, a US subsidiary.

The group also received permission last week from the European Commission to go ahead with a joint venture with a number of European post offices. The deal will reduce the overcapacity of its European fleet of freight aircraft.

TNT said America West had resumed monthly payments of US$2.35m to AWAS, which were frozen for six months when the airline was placed under Chapter 11 protection from bankruptcy in the US.

The group said it expected America West to emerge from Chapter 11 protection, and was negotiating the payment of the US$14m leasing payments which were unpaid during the six-month moratorium.

America West leases 11 Boeing 737 aircraft from AWAS, and was contracted to lease a further 12 aircraft between 1993 and 1997.

TNT and News Corporation, Mr Rupert Murdoch's media group, have written off their joint A$56m (US$44m) investment in 20 per cent of America West, which is held through Ansett Transport Industries.

America West's move into Chapter 11 protection was a significant factor in market pressure on TNT's shares, which fell to an all-time low of 67 cents in July.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on December 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]						[illegible]					

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]						[illegible]				

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Prem
[illegible]						[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Treasuries climb on hopes of rate easing by Fed

By Patrick Harverson in New York

AMID continued hopes of imminent interest rating easing by the Federal Reserve, US Treasury prices firmed at both ends of the market yesterday morning in response to [illegible] report from [illegible] National Association of Purchasing Management (NAPM) that fore-[illegible] [illegible] economic growth in 1992.

By midday the benchmark 30-year government bond was up ¼ at 102⅞, yielding 7.772 per cent, and the two-year note was up $\frac{1}{32}$ at 100⅞, yielding 4.994 [illegible] cent.

[illegible] rise in prices was a reaction [illegible] the NAPM's semi-annual [illegible], which reported that its members expect modest overall growth next [illegible], and [illegible] manufacturing employment will [illegible] steady, or possibly even fall, over the period. The purchasing managers also warned that the outlook for Christmas sales was not bright.

These forecasts of continued weakness in the economy have fuelled hopes that the Fed will cut interest rates once more before the year is out. If the Fed were to act, it would probably lower the discount rate from 4.5 per cent to 4 per cent.

■ UK government bonds ended little changed, having given up earlier gains as news emerged that negotiations at the European Community heads-of-state summit in Maastricht had [illegible]led, AP-DJ reports. In the cash market, the benchmark 9 [illegible] cent Treasury loan [illegible] [illegible] quoted [illegible] [illegible] unchanged [illegible] [illegible] Monday to yield 9.48 per cent.

■ GERMAN government bonds ended the session [illegible] touch weaker after [illegible] slow trading [illegible]. In [illegible] cash market, [illegible] benchmark German [illegible] [illegible] [illegible] [illegible] cent bond [illegible] 2001 was down 0.06 point [illegible] [illegible] to [illegible] 8.27 per cent.

Rumours [illegible] [illegible] President Mikhail Gorbachev was about to [illegible] his resignation ren[illegible] [illegible] of turmoil in the [illegible] Union and [illegible] [illegible] bund [illegible] gains as well as [illegible] D-Mark's strength.

■ THE [illegible] government [illegible] market ended firmer after [illegible] [illegible] of the Bank of Japan's quarterly [illegible]vey of business sentiment.

This showed that economic growth in Japan [illegible] slowing, [illegible] [illegible] expected to [illegible] the Bank of Japan [illegible] [illegible] [illegible] market rates. The yield on [illegible] benchmark No 129 [illegible] opened at 5.675 per cent and ended at 5.62 per cent in Tokyo.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	[illegible]	[illegible]	Yield	[illegible] ago	[illegible] ago
AUSTRALIA		12.000	11/01	[illegible]	[illegible]	9.70	[illegible]	9.77
BELGIUM		[illegible]	09/01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CANADA *		8.500	04/02	100.0500	[illegible]	8.49	[illegible]	[illegible]
DENMARK		9.000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE	BTAN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	8.500	01/01	102.4000	+0.020	[illegible]	[illegible]	[illegible]
GERMANY		[illegible]	09/01	[illegible]	-	[illegible]	8.30	8.25
ITALY		[illegible]	[illegible]	98.4900	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN	[illegible]	4.800	06/99	[illegible]	+0.246	5.94	[illegible]	6.23
	No 129	6.400	03/00	104.3778	+0.205	5.62	5.79	5.90
NETHERLANDS		8.500	03/01	98.2400	-	8.78	8.82	8.73
SPAIN		11.900	[illegible]	100.1500	[illegible]	11.79	11.88	11.61
UK GILTS		10.000	11/96	100-09	+0.031	9.81	9.95	9.69
		10.000	02/01	101-24	+0.068	9.70	9.90	9.64
		[illegible]	[illegible]	[illegible]	-	9.49	[illegible]	[illegible]
US [illegible]		[illegible]	11/01	[illegible]	[illegible]	7.19	[illegible]	[illegible]
		[illegible]	11/21	[illegible]	+[illegible]	[illegible]	[illegible]	7.36

[illegible] closing, *denotes New York morning session. [illegible] UK in 32nds, others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

Sunkyong acquires 15% stake in broker

SUNKYONG, the South [illegible] conglomerate, is [illegible] [illegible] 57.2bn won for a stake of more than [illegible] per cent in Pacific Securities, [illegible] local [illegible], Reuter reports [illegible] [illegible].

Sunkyong [illegible] [illegible] looking to expand [illegible] [illegible] financial sphere [illegible] [illegible] [illegible] off minor holdings in [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] funds for [illegible] purchase.

[illegible] [illegible] [illegible] South Korea's [illegible] largest brokerage in [illegible] of [illegible] [illegible] and had capital of 92.99bn won at the end of March, [illegible].

Sunkyong [illegible] [illegible] [illegible] [illegible] time [illegible] enter [illegible] market. The Seoul share [illegible] [illegible] to be [illegible] significantly in January when direct, if limited, foreign [illegible] will be permitted for the first time.

Sunkyong will buy the stake from Pacific Securities' largest shareholder, [illegible] cosmetics [illegible] [illegible] [illegible], which [illegible]ntly holds 27.4 per cent of [illegible] brokerage house.

Sunkyong's [illegible] [illegible] subsidiaries [illegible] in [illegible] including trading, petrochemicals and construction.

Italian brokers seek pledge on loan roll overs

ITALIAN brokers have formally [illegible] [illegible] [illegible] [illegible] regulators [illegible] give [illegible] they will allow monthly [illegible] [illegible] [illegible] be [illegible] [illegible] when [illegible] December bourse trading [illegible] ends on Friday, [illegible] reports from Milan.

[illegible] [illegible] [illegible] sharply in [illegible] [illegible] [illegible] speculation some banks would refuse [illegible] carry over the loans, a pact [illegible] [illegible] [illegible] lend money to brokers [illegible] [illegible] shares as collateral.

The brokers had sent [illegible] tele[illegible] to the Association of [illegible] Banks [illegible] and Consob, the market regulator, asking them to restate their confidence in the loan system.

The stock loan system, common practice in Italy and other countries, allows brokers to roll over positions into the following trading account and take leveraged positions.

Busier international equity market expected next year

By Sara Webb

CORPORATE advisers expect several large international equity offerings from European companies next [illegible], [illegible] addition to further issues from the emerging markets of Latin America and the Far East.

Activity in the international equity markets [illegible] [illegible] to slow down ahead of the Christmas holiday season, but corpo[illegible] advisers [illegible] the [illegible] for early 1992 [illegible] starting [illegible] look busy.

[illegible] [illegible] of [illegible] shares in [illegible] Aquitaine, [illegible] French oil company and the largest [illegible] owned company in France, which was due this month, has been postponed because of unfavourable [illegible] conditions. [illegible] [illegible] of 2 per cent of [illegible] oil and [illegible] group's equity will [illegible] [illegible] state's stake from [illegible] [illegible] [illegible] to 51.5 per cent.

At least two Spanish companies are expected [illegible] launch large international equity offerings [illegible] year, including Repsol and [illegible] Exterior. Repsol, [illegible] [illegible] conglomerate, may raise about [illegible] ($1.19bn) by selling about [illegible] per cent of its equity early [illegible] year. Meanwhile, the [illegible] plans to reduce [illegible] stake in [illegible] Exterior, the largest public [illegible] financial institution in Spain, from 69.7 per [illegible] [illegible] [illegible] 51 [illegible] cent, [illegible]ing about [illegible].

Several equity issues [illegible] expected in Sweden where [illegible] recently-elected non-socialist government [illegible] keen [illegible] [illegible] [illegible] privatisation programme.

Corporate advisers are confident that there will be sufficient investor appetite for such international equity [illegible]. A corporate adviser said: "The very big issues [illegible] quite lumpy, but are in very attractive companies."

Among the emerging [illegible]kets, Mexico, Argentina, Brazil and Chile [illegible] expected [illegible] announce further equity [illegible] next year. In the Far East, China Steel, the Taiwanese [illegible] steelmaker, is due to sell [illegible] further [illegible] [illegible] [illegible] [illegible] its equity to domestic and international investors early [illegible] year, [illegible] [illegible] and Lehman Brothers have been tipped [illegible] [illegible] [illegible] for [illegible] position [illegible] [illegible] [illegible] to the issue.

[illegible] [illegible] Asia, investors expect equity-linked issues or [illegible] depositary receipts from larger Indian companies including Reliance Industries, the petrochemicals group.

INTERNATIONAL EQUITY ISSUES

Stockholm seeks Ecu125m

By Tracy Corrigan

[illegible] [illegible] uncertainty in [illegible] [illegible] bond market during [illegible] [illegible] summit, [illegible] Bank Corporation launched an [illegible] five-year deal for the City of Stockholm.

The deal, [illegible] [illegible] [illegible] investors, is fungible with an Ecu175m issue launched at the [illegible] of October, [illegible] [illegible] been fully taken up.

[illegible] issue, reoffered at 100¼, [illegible] launched late [illegible] [illegible] day and [illegible] not [illegible] syndicate by the end of trading.

[illegible] said [illegible] an agree[illegible] [illegible] [illegible] the Ecu [illegible] [illegible] Maastricht summit has already been [illegible] by [illegible] [illegible] [illegible]. Consequently, such a [illegible] is unlikely [illegible] [illegible] much impact on [illegible] [illegible] prices, although it [illegible] help boost investor interest in the sector.

Swap [illegible] [illegible] currently attractive [illegible] borrowers, but [illegible] opportunities could dis[illegible] [illegible] agreement is [illegible] [illegible] Maastricht, [illegible] a rush of paper seems unlikely.

However, the European Community is [illegible] [illegible] [illegible] preparing [illegible] [illegible] offering, to [illegible] [illegible] [illegible] week.

The deal is likely to have a maturity [illegible] [illegible] [illegible] [illegible] years. Banks have [illegible] yet started [illegible]ding for the mandate to arrange [illegible] deal.

Meanwhile, the European Investment Bank is believed to be working [illegible] a peseta-denom[illegible] issue in [illegible] matador bond market. However, [illegible] flow of new issues is expected to remain sluggish, as the market winds [illegible] for [illegible] Christmas holiday.

Elsewhere, [illegible] Bradesco, [illegible] largest private financial institution [illegible] Brazil, launched a $50m deal via Citicorp Invest[illegible] [illegible].

The two-year [illegible] [illegible] [illegible] 10 per cent semi-annual coupon and [illegible] priced [illegible] [illegible] a spread of 697 basis points above the comparable [illegible] Treasury [illegible].

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	[illegible] %	[illegible]	[illegible]	[illegible]	Book runner
US DOLLARS						
Banco Bradesco(b)†	50	10	[illegible]	1994	1⅛/½	Citicorp [illegible] Bk
Fuji Bank (Lux.)(d)‡†	70	(d)	102	2002	2/1¼	Fuji Int.Fin.
ECUs						
City of Stockholm(c)†	125	9¼	102.10	1996	1⅞/1¼	SBC
YEN						
Kajima Corp(a)†	30bn	6.35	101¼	1996	1⅝/1¼	Daiwa Europe
Kajima Corp(a)†	20bn	6.35	101½	1997	1⅞/1¼	Daiwa Europe
GUILDERS						
Nationale Investeringsbk.(a)†	200	[illegible]	101.05	1997	1/⅝	[illegible]

**Private placement. §Con[illegible] ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) [illegible]upon payable semi-annually. Non-callable. c) Fungible with existing Ecu175m deal. Non-callable. d) Callable, once only, on 17/1/95. Coupon pays 65bp over Libor for first 3 years, then 9⅛% thereafter.

FINANCIAL TIMES CONFERENCES

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Dec 10 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Dec 9 Index No.	Fri Dec 6 Index No.	Thu Dec 5 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (179)	730.46	-0.2	9.32	6.61	13.71	34.30	732.22	718.82	723.13	725.24
2	Building Materials (23)	869.77	......	8.02	7.16	16.84	46.51	869.51	849.28	854.55	983.34
3	Contracting, Construction (29)	917.04	+0.3	8.17	8.26	17.95	51.42	914.08	895.94	900.97	1137.93
4	Electricals (10)	2344.31	-0.5	10.29	6.30	12.38	98.23	2356.61	2325.91	2316.13	1919.97
5	Electronics (25)	1620.54	-0.7	11.41	5.32	11.11	53.94	1632.72	1602.93	1619.10	1528.98
6	Engineering-Aerospace (8)	325.99	-0.2	17.19	7.97	7.02	18.52	326.65	323.99	323.16	399.15
7	Engineering-General (43)	451.95	......	10.66	5.55	11.59	18.20	452.13	448.24	449.29	370.29
8	Metals and Metal Forming (9)	300.50	-0.4	2.17	11.71	-	25.83	301.81	299.33	302.07	412.04
9	Motors (12)	278.60	......	9.29	8.64	14.29	17.56	278.58	274.53	278.98	295.05
10	Other Industrial Materials (20)	1468.09	-0.4	8.16	5.58	14.59	99.05	1473.60	1438.63	1447.47	1267.24
21	CONSUMER GROUP (190)	1535.17	-0.6	7.67	3.69	16.10	40.73	1545.03	1532.98	1540.21	1231.07
22	Brewers and Distillers (23)	1885.33	-0.1	8.98	3.75	13.46	49.14	1888.10	1872.01	1874.08	1579.74
25	Food Manufacturing (19)	1191.28	+0.5	9.65	4.24	12.78	37.32	1184.90	1179.04	1176.50	1031.02
26	Food Retailing (17)	2342.40	-1.0	9.90	3.53	13.13	65.37	2366.83	2372.06	2391.66	2263.40
27	Health and Household (23)	4087.80	-1.3	5.03	2.36	22.81	72.62	4140.27	4078.69	4123.96	2560.15
29	Hotels and Leisure (24)	1197.02	-1.6	8.52	5.91	14.53	45.61	1216.49	1217.79	1224.60	1228.73
30	Media (25)	1402.02	-1.2	7.41	5.07	17.70	48.36	1419.26	1407.09	1404.91	0.00
31	Packaging, Paper & Printing (17)	724.01	+0.4	7.46	4.59	16.26	24.43	721.40	715.44	719.62	527.65
34	Stores (32)	970.61	-0.2	7.79	3.83	16.89	26.77	972.71	966.48	969.93	801.98
35	Textiles (10)	590.61	-0.7	7.83	5.26	16.30	22.28	594.52	596.26	593.80	433.19
40	OTHER GROUPS (112)	1156.43	......	10.40	5.72	12.15	40.33	1156.84	1158.86	1168.68	1017.59
41	Business Services (13)	1371.40	-0.4	7.26	4.74	17.51	46.93	1377.00	1369.37	1370.06	0.00
42	Chemicals (21)	1337.13	-1.2	7.46	5.49	16.65	54.35	1353.57	1352.34	1370.05	1086.49
43	Conglomerates (11)	1265.06	-0.4	11.52	8.49	10.66	44.87	1270.17	1256.67	1277.45	1293.99
44	Transport (14)	2193.07	+0.2	5.85	5.16	22.50	79.12	2188.23	2165.05	2181.08	1920.26
45	Electricity (16)	1163.83	+1.5	15.47	5.81	8.41	27.53	1146.62	1147.05	1146.46	0.00
46	Telephone Networks(4)	1367.16	......	11.48	4.59	11.38	30.42	1367.85	1399.20	1409.84	1157.09
47	Water(10)	2189.97	+0.9	19.31	7.21	5.71	151.44	2170.90	2184.65	2187.57	2170.15
48	Miscellaneous (23)	1729.62	-0.3	5.79	5.73	23.78	75.10	1734.78	1707.95	1731.75	1596.29
49	INDUSTRIAL GROUP (481)	1211.85	-0.4	8.82	4.84	14.20	39.66	1216.51	1208.42	1215.82	1042.43
51	Oil & Gas (19)	2138.48	-1.1	12.08	6.56	10.94	104.27	2161.56	2152.90	2197.48	2285.11
59	500 SHARE INDEX (500)	1293.64	-0.5	9.19	5.04	13.74	44.82	1299.63	1291.39	1301.50	1144.87
61	FINANCIAL GROUP (91)	693.26	-1.0	-	6.72	-	34.41	700.38	691.06	693.16	730.06
62	Banks (9)	798.57	-0.7	4.99	6.65	39.27	38.97	804.33	796.73	787.42	775.26
65	Insurance (Life) (7)	1353.32	-2.2	-	6.26	-	63.68	1384.01	1356.16	1385.88	1329.02
66	Insurance (Composite) (7)	503.75	-1.8	-	8.65	-	32.94	512.80	493.77	505.92	641.82
67	Insurance (Brokers) (10)	976.68	-0.9	8.37	6.85	15.74	49.46	985.34	966.48	970.07	989.73
68	Merchant Banks (7)	453.36	+1.0	-	4.75	-	16.06	448.84	451.09	453.38	357.18
69	Property (35)	815.24	-1.0	6.16	5.77	23.56	33.34	823.66	821.06	823.80	982.26
70	Other Financial (16)	230.30	+0.3	11.50	7.59	10.94	13.03	229.59	230.88	233.01	254.11
71	Investment Trusts (69)	1127.76	-0.6	-	3.84	-	31.82	1134.08	1133.87	1138.67	1024.85
99	ALL-SHARE INDEX (660)	1150.47	-0.5	-	5.21	-	41.78	1156.61	1148.49	1156.71	1042.43

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 9	Dec 6	Dec 5	Dec 4	Dec 3	Year ago
FT-SE 100 SHARE INDEX‡	2392.0	-17.6	2414.3	2390.5	2409.6	2388.7	2407.0	2423.8	2420.2	2165.8

FIXED INTEREST

	PRICE INDICES	Tue Dec 10	Day's change %	Mon Dec 9	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.22	+0.05	122.15	2.39	10.97
2	5-15 years (27)	135.29	+0.21	135.01	2.57	12.45
3	Over 15 years (8)	143.01	+0.29	143.67	1.17	13.28
4	Irredeemables (6)	158.45	+0.35	157.90	1.39	13.68
5	All stocks (69)	133.41	+0.16	133.28	2.42	12.16
	Index-Linked					
6	Up to 5 years (2)	167.09	-0.03	167.15	0.71	3.16
7	Over 5 years (9)	148.24	-0.21	148.55	1.27	3.83
8	All stocks (11)	149.71	-0.18	149.99	1.19	3.81
9	Debs & Loans (62)	113.49	+0.33	113.12	1.66	10.75

	AVERAGE GROSS REDEMPTION YIELDS		Tue Dec 10	Mon Dec 9	Year ago (approx.)
	British Government				
1	Low	5 years	8.78	8.81	9.64
2	Coupons	15 years	9.43	9.46	10.04
3	(0%-7¾%)	20 years	9.43	9.46	10.10
4	Medium	5 years	9.79	9.82	10.80
5	Coupons	15 years	9.55	9.58	10.42
6	(8%-10¾%)	20 years	9.51	9.54	10.37
7	High	5 years	10.01	10.04	10.94
8	Coupons	15 years	9.63	9.66	10.60
9	(11%-)	20 years	9.55	9.58	10.54
10	Irredeemables		9.62	9.65	10.30
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.96	3.95	4.00
12	Inflation rate 5%	Over 5 yrs.	4.34	4.33	4.14
13	Inflation rate 10%	Up to 5 yrs.	3.36	3.34	2.78
14	Inflation rate 10%	Over 5 yrs.	4.17	4.16	3.96
15	Debs &	5 years	11.32	11.36	12.60
16	Loans	15 years	11.12	11.15	12.39
17		25 years	10.93	10.97	12.17

‡Opening index 2408.3; 9 am 2414.3; 10 am 2398.9; 11 am 2404.6; Noon 2403.4; 1 pm 2404.1; 2 pm 2404.0; 2.30 pm 2403.[illegible]; 3 pm 2404.4; 4.10 pm 2390.8; (a) 9.00am (b) 4.13pm † Flat yield. Highs and lo[illegible]d, base dates, values and constituent changes are published in Saturday issues. A list [illegible]tuents is available from the Publishers, The [illegible]cial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES [illegible] INDICES SERVICE covers a range of electronic and paper-based products relating [illegible] indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 [illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	55	13	14
Other Fixed Interest	7	2	10
Commercial, Industrial	252	317	926
Financial & Property	60	211	504
Oil & Gas	10	38	44
Plantations	0	1	9
Mines	28	38	86
Others	30	71	43
Totals	442	[illegible]	1,636

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

- First Dealings Dec. 2
- Last Dealings Dec. 14
- Last Declarations March 5
- For settlement March 16

For [illegible] indications [illegible] end [illegible]

Calls in Aegis, [illegible], Burton, BTR warrants '94, Kwick, Lonrho, MSM, [illegible] and Tarmac. Puts in ADT, [illegible] Day, Lonrho and Whitecroft.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTION 3-month call [illegible]

INDUSTRIALS	[illegible]	[illegible] Cons.	[illegible]	ICI	[illegible]	Reed Intl	[illegible]
Allied-Lyons	[illegible]	Comm Union	[illegible]	[illegible]	[illegible]	Sears	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]	Legal & Gen	[illegible]	SmKl Bchm A	[illegible]
Astec (BSR)	[illegible]	[illegible]	[illegible]	Lex Service	[illegible]	TI	[illegible]
BAT Inds	[illegible]	FKI	[illegible]	Lloyds Bank	[illegible]	TSB	[illegible]
BOC	[illegible]	FNFC	[illegible]	Lonrho	[illegible]	Tesco	[illegible]
BTR	[illegible]	Forte	[illegible]	Lucas Inds	[illegible]	Thorn EMI	[illegible]
Barclays	[illegible]	GKN	[illegible]	Marks Spencer	[illegible]	T & N	[illegible]
Blue Circle	[illegible]	Gen Accident	[illegible]	Midland Bank	[illegible]	Unilever	[illegible]
Boots	[illegible]	GEC	[illegible]	NatWest Bank	[illegible]	Vickers	[illegible]
Bowater	[illegible]	Glaxo	[illegible]	P & O Dfd	[illegible]	Wellcome	[illegible]
Brit Aerospace	[illegible]	Grand Met	[illegible]	Racal Elect	[illegible]	PROPERTY	
British Steel	[illegible]	GRE	[illegible]	RHM	[illegible]	Brit Land	[illegible]
Brit Telecom	[illegible]	Hanson	[illegible]	Rank Org	[illegible]	Land Sec.	[illegible]
Cadburys	[illegible]	Hawker Sidd	[illegible]				

MEPC	[illegible]
Mountleigh	[illegible]
OILS	
Aviva Pet	[illegible]
BP	[illegible]
Burmah Castrol	[illegible]
Conroy Pet	[illegible]
Gaelic Res	[illegible]
Premier Cons	[illegible]
Shell	[illegible]
Tuskar Res	[illegible]
Ultramar	[illegible]
MINES	
RTZ	[illegible]

UK COMPANY NEWS

Vaux profits fall by 11% due to hotels side setback

By Peggy Hollinger

THE MORIBUND leisure industry hit profits at Vaux, the hotels and brewing group, which yesterday announced its first annual decline in 22 years.

The pre-tax return fell 11.5 per cent to £34m for the year to September 28. Mr Paul Nicholson, chairman, warned that if the economy did not recover next year, "neither will our profits". However, he said there was good grounds for optimism in 1993.

The chairman said the profits fall was entirely due to a decline in the group's hotels division. "We had budgeted for profits of £19m," he said, "and only made between £11m and £12m. That is a gap that nothing could fill."

The group's hotel business – which comprised 31 owned premises and one managed – accounted for about 33 per cent of profits, compared with 46 per cent last year.

Profits were also hit by the decision not to capitalise interest on developments – which cost the company £4.6m. However, this was more than balanced by the £7.3m exceptional gain from disposals.

A stronger performance from the brewing business helped to offset the decline in hotels. Brewing profits were 22.5 per cent higher at £15.1m, while the Vaux Inns – "managed" pubs as opposed to those let to tenants – advanced 13.5 per cent to £4.6m. About half of the profits increase in the pub division was due to the acquisition of 80 public houses during the year.

Mr Nicholson [redacted] "very encouraged" by the nursing care operations, which had boosted profits by more than half.

[redacted] group also announced the post-balance sheet [redacted] of its off-licence chain, Blayneys for £20.4m. The proceeds would be used to make further acquisitions of pubs and care homes. Mr Nicholson said Vaux also intended to sell its [redacted] confectionery, [redacted] news shops.

Earnings per [redacted] by [redacted] to 20.31p. The dividend [redacted] 6.1p (5.78), making a [redacted] payout of 9.2p (8.76p).

Norcros profits tumble 35% to £6.3m

By Roland Rudd

NORCROS, the building materials, printing and packaging group, yesterday reported a [redacted] cent fall in pre-tax profits from £9.8m [redacted] for the half year to 30 September 1991.

However, the group [redacted] decided to maintain the interim dividend at 3.5p after cutting both [redacted] interim and final [redacted] financial year. [redacted]cros [redacted] also expected to [redacted] [redacted] final dividend of 3.5p.

[redacted] were down [redacted] £196.3m ([redacted].6m) as the building products [redacted] adversely affected by [redacted] conditions.

Since the group made no disposals borrowings are only marginally down at £148m. The restructuring programme at the [redacted] division, [redacted] led [redacted] of 1,400 jobs, [redacted] increased operating profit by 76 per cent.

There was an extraordinary item of £1.5m representing the final settlement of £2.5m under [redacted] of [redacted] UBM [redacted] subsidiary after [redacted] on the disposal of two small businesses.

Operating profits from building products fell to £2.1m from [redacted] £4.0m from [redacted] print and packaging edged up.

Cost reductions lift Manweb to £27.5m midway

By David Lascelles and Juliet Sychrava

[redacted] gains [redacted] Manweb, the regional electricity company covering Manchester and north Wales, to [redacted] earnings by [redacted] the [redacted] months to September [redacted]

Pre-tax profits amounted to £27.5m, up from £18.7m in the same period a year earlier. The dividend was raised by 13.5 per cent to 5.45p.

The outcome was in line with expectations.

[redacted] that [redacted] improved [redacted] was [redacted] through cost reductions. Group [redacted] fell [redacted] impact of the recession and the loss of supply contracts to large industrial users.

[redacted] ICI, [redacted] the largest users in the region, which has [redacted] to buy direct from the pool.

Mr Bryan Weston, the chairman, said: "In a difficult economic environment our operational efficiencies have had a positive impact on results."

Mr John Roberts, the managing [redacted] demand had been depressed by the recession, and there was not yet any sign of an upturn.

[redacted] was [redacted] tinuing to explore new areas of [redacted] company [redacted] have [redacted] be convinced [redacted] it [redacted] diversify.

Midlands Electricity advances to £27m

By [redacted] Sychrava

MIDLANDS Electricity yesterday announced pre-tax profits of [redacted] September [redacted] £18.3m pro forma the previous year. Earnings per share were 9.4p, against 6.8p [redacted] forma.

The [redacted] was above City expectations [redacted] 5.65p, but Midlands indicated that this represented [redacted] third of the full year dividend, and the full year figure would [redacted] by around 12.8 per cent, [redacted] a [redacted] of [redacted] to 17p.

Operating profit was up by over 80 per cent, at £27m, on an [redacted] in turnover of just over 9 per cent. Most improvement was in the distribution business, with supply making a loss as expected in the first half. The company's generation, [redacted] other businesses made a small profit.

Underlying sales growth in [redacted] domestic and [redacted] sectors [redacted] strong, [redacted] the recession hit industrial sales, which fell 4 per cent.

[redacted] bution business [redacted] down, and 100 job [redacted] are expected for the full year, mostly in the second half. Careful purchasing [redacted] brought savings of [redacted] in the half year.

Midlands has stepped back from plans to invest in more gas-fired generation projects, but it still has a share in the large Teesside station, and some established smaller stations.

NEWS DIGEST

Downturn in building hits BSS

BSS GROUP, the domestic and industrial heating group, showed a 15 per cent fall in pre-tax interim profits to £5.2m (£6.1m) as heating and plumb[redacted] improve and industrial markets worsened.

Turnover for the six months to September 30 fell by [redacted] per cent to £104.8m (£107.9m).

The company managed to reduce interest payable further to £1.1m (£1.8m). Earnings fell by 12 per cent to 16.4p (18.6p) but the interim dividend was maintained at 5.75p.

Chiltern Radio

Trading conditions improved slightly in the second half at Chiltern Radio enabling it to return to the black for the year to end-September. Mr Peter Burton, chairman, said acquisitions contributed to revenue, which was 54 per cent higher in the second half than the first.

Pre-tax profit for the year was £114,000, against £1.29m, on turnover of £4.38m (£4.1m), an increase of 7 per cent.

Earnings per share were 1.5p (14.3p) and the directors are recommending a reduced final dividend of 1p (3.8p) for a total of 2p (4.8p).

AH Ball

AH Ball, the USM-quoted civil engineer, reported a 40 per cent advance from £376,000 [redacted] in pre-tax profits in [redacted] months [redacted] September 30.

Turnover was up 31 per [redacted] to £3.42m (£2.62m). After tax of £183,000 [redacted] earnings per share advanced from 3.7p [redacted] .2p. The interim dividend [redacted] maintained at 2.2p.

Atkins

The effects of [redacted] hot sunny September and the UK recession combined to push Atkins Group, the hosiery and knitwear manufacturer, into a first half loss of £48,000 against a pre-tax profit of £192,000.

Turnover for the six months to September 30 was down from £7.77m to £7.85m. Losses per share stood at 0.66p against earnings of 3.63p, but the company's confidence in its forward order books is reflected in its decision to maintain the interim dividend at 3.8p.

Multitone

New products launched the previous year together with tight cost control helped Multitone Electronics, the paging systems and equipment maker, increase pre-tax profits from £621,000 to £864,000 in the six months to October 31.

Turnover rose to £11.4m (£10.7m) and the pre-tax figures were helped by lower net interest payments of £74,000 (£159,000). An interim dividend of 1.25p (0.75p) is being paid from earnings per share of 3.73p (2.51p).

Titon

In spite [redacted] being almost identical to that of the previous [redacted] – [redacted] compared with [redacted] – Titon Holdings increased its pre-tax profit by 64 per cent to £1.51m compared with £920,000.

The company's performance [redacted] a considerable advance in sales of plastic ven[redacted]

[redacted] £508,000 (£332,000) leaving earnings of 9.31p (5.42p) per [redacted] the total dividend goes up from [redacted]p to 3.25p with a proposed final of 2.22p.

Elga

Elga Group, the water purification company, announced a 52 per cent increase in interim pre-tax profits and expansion in France with a £1.25m acquisition.

On [redacted] 37 per [redacted] ahead [redacted] £9.6m (£7m) in the [redacted] September 30 pre-tax profits were £462,000 ([redacted],000).

The company [redacted] bought Aquadem, Paris-based water purification components supplier. Mr Ryan said it would complement Elga's existing French subsidiary.

Earnings per share came out at 1.94p (1.98p). The interim dividend is unchanged at 0.6p.

Brown & Jackson

Brown & Jackson, the [redacted] retailing group which [redacted] Poundsretcher [redacted] whose chairman and chief executive Mr Bryan Duffy resigned in October, announced that it will pass [redacted] six monthly [redacted] of 5.375p on its 10.75p [redacted] cent cumulative con[redacted] preference shares due on December 31. The company said the payment would be deferred since the [redacted] did not [redacted] present sufficient [redacted] available.

EASTERN ELECTRICITY PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 1991.

Statement by the Chairman and Chief Executive Dr. James Smith

"Our profit for the first six months [illegible] in line with expectations. The growth achieved in electricity distributed and the growing impact of our cost control measures, combined with the beneficial effects of our electricity contracts [illegible] expected in the second six months, reinforces our confidence in the full year's profitability.

Turnover: In the first six months, turnover was up £72.5m at £821.7m. The increase was better than expected and mainly resulted from an increase of 3.0% in the volume of electricity distributed. Our marketing strategy is centred on growing profitable unit sales through the efficient use of electricity. To this end we are in the process of restructuring our marketing and sales function so as to focus sales effort into the most profitable areas.

Profit: Our business has a seasonal bias and the profit for the first six months is not indicative of the year's results. In the first half of this financial year pre-tax profits were £15.4m against a pro forma £18.6m for the corresponding period last year. However, results in the second half year are expected to benefit from the effects of our electricity purchase contracts and from the impact of our cost reduction initiatives.

Dividend: In the light of these results and the Board's expectation of continuing profit growth, the directors have declared an [illegible] dividend of 4.85p per share, against 4.33p net per share pro forma equivalent for last year. The interim dividend will be paid on 24 March 1992 to shareholders registered on 31 January 1992.

Electricity Purchases: A factor which will lead to an increase in the imbalance between this year's first and second half year profits is a change to the portfolio of our electricity purchase contracts.

To protect the Company from potential extremes of volatility within the electricity pool purchasing arrangements, the Company has taken steps to extend and restructure its portfolio of contracts. The effect of these new contracts has been to increase the proportion of costs incurred in the first [illegible] months. While this has an adverse effect on the interim profits, the contracts will reduce the high costs experienced at times of high electricity demand in the winter period.

Cost Savings: Close scrutiny of our distribution activity has achieved savings by improved working practices and by increasing productivity both within our Areas and at Headquarters. As a result, our staff numbers have been reduced by 2.5% over the last year. By redeploying our staff we have reduced our use of contractors within the business and we have reduced the amount of overtime worked.

Non-regulated businesses: The contribution to profit from our non-regulated activities is still small. Overall our strategy is to increase this contribution by concentrating on those businesses where we have skills, experience and resources. Our recently announced retail enterprise with Southern Electric demonstrates our determination to seek profit from a professionally managed, viable and competitive business with roots in our existing business.

Similarly, e gas Limited, our recently announced gas [illegible] venture, is an area where our existing abilities can be easily applied to produce incremental profit.

Contracting, which is currently suffering in the prevailing economic climate, will be restructured to create a separate operating division in order to focus on becoming a 'stand alone' profit centre activity.

Generation: Within electricity generating, construction of our plant at Peterborough is progressing both to time and cost. Other projects are at various stages of development but Eastern Electricity and Mobil have decided to review their partnership to build a 450 MW generating station at Coryton to generate electricity and provide steam for Mobil's refinery operations. We have not yet been successful in reconciling our separate objectives as regards control and financial return of the project. Mobil have told us that the project is still attractive to them in the context of their refinery operations and we would not intend to stand in their way [illegible] *seeking another partner.*

Structural Changes: We are re-shaping our overall organisation so *that the structure reflects the needs of efficient management activity.*

The decision has been made [illegible] fill the post of Development Director which lies vacant in the exisiting [illegible] The person appointed will be responsible for the development of non-regulated businesses in the group. Within the electricity business, the post of Area Manager is being removed and the Areas will be split functionally. The distribution engineering activities will report direct to the Engineering Director and the marketing and sales activities will report direct to the Marketing Director. This change will allow sharper focus by senior [illegible] on our core activity of distributing and supplying electricity.

In conclusion, I am confident that the policy of growth in sales and the management of cost will show through positively in our full year's results."

INTERIM ANNOUNCEMENT

Group historical [illegible] for the [illegible] ended [illegible] September 1991	Notes	Actual (Unaudited) 1991 £m	[illegible] (Note 3) (Unaudited) 1990 £m	Pro forma (Note 3) (Audited) 1990/91 £m
Turnover		821.7	749.2	1,720.1
[illegible]		26.0	32.2	127.4
[illegible] asset [illegible]	4	6.3	5.8	17.4
Net [illegible]		(16.9)	(19.4)	(38.4)
Profit on ordinary activities [illegible]		[illegible]	18.6	106.4
Taxation	5	(3.8)	(4.6)	(26.1)
[illegible] on ordinary [illegible]		[illegible]	14.0	80.3
Extraordinary [illegible]	6	–	(3.6)	(7.5)
[illegible] for the period		11.6	10.4	[illegible]
Dividends		(13.1)	–	(27.3)
[illegible] retained		(1.5)	10.4	45.5
Earnings per ordinary share		4.3p	5.2p	29.8p
[illegible] per ordinary [illegible]		4.85p	–	10.12p

Group historical [illegible]	Actual 30 September 1991 £m	Pro forma 30 September 1990 £m	Actual 31 March 1991 £m
Fixed [illegible]			
Tangible [illegible]	735.5	695.5	721.2
Investments	97.5	98.4	97.5
	833.0	793.9	[illegible]
[illegible]	367.3	295.4	[illegible]
[illegible]	(273.5)	(227.8)	[illegible]
[illegible]	[illegible]	67.6	[illegible]
[illegible]	926.8	861.5	[illegible]
[illegible]	(200.0)	(200.0)	(200.0)
Provisions	(26.9)	(11.2)	(23.7)
Net [illegible]	699.9	650.3	701.4
Capital [illegible]			
[illegible] up [illegible]	134.9	134.9	[illegible]
Reserves	565.0	515.4	[illegible]
	699.9	650.3	[illegible]
Net [illegible]	241.0	270.6	267.0
Gearing	[illegible]	41.6%	[illegible]

NOTES:
1 Basis of preparation: The interim results for the six months ended 30 September 1991, which were unaudited, have been prepared on the basis of the accounting policies for the year ended 31 March 1991.
The financial information contained in this interim statement does not amount to statutory accounts within the meaning of Section 240 of the Companies Act 1985.
The results for the year ended 31 March 1991 are abridged from the full accounts for that year, which contain an unqualified auditors' report and have been delivered to the Registrar of Companies.

2 Current cost adjustments	1991 £m	1990 £m
Historical cost profit on ordinary activities before taxation	15.4	18.6
Current cost [illegible]		
Depreciation	(22.2)	(22.4)
Cost of sales	(0.3)	(0.3)
Monetary working capital	(4.4)	(6.3)
Gearing	3.6	5.7
	(23.3)	[illegible]
Current cost loss on ordinary activities before taxation	[illegible]	[illegible]

3 Comparative figures: The comparative figures for last year are on a pro forma basis as if the new capital structure had been in place since 1 April 1990. The pro forma figures [illegible] of £17.7m for the six months ended 30 September 1990 and an adjustment to interest of £24.2m for the year 1990/91 together with a related tax credit of £8.2m.
4 The National Grid Holding plc: Included within profit before taxation is £6.3m interim dividend receivable from The National Grid Holding plc. (1990 interim £5.8m and final £17.4m).
5 Taxation: Taxation for the six months ended 30 September 1991 has been provided on the basis of the estimated effective tax rate for the year ending 31 March 1992. Taxation for the six months ended 30 September 1990 [illegible] the pro forma effective tax rate for the year ended 31 March 1991.
6 Extraordinary items: Extraordinary items comprise privatisation costs incurred in the six months ended 30 September 1990.

EASTERN ELECTRICITY

Copies of this announcement can be obtained from the Company Secretary, Eastern Electricity plc, Wherstead Park, P.O. Box 40, Wherstead, Ipswich, Suffolk IP9 2AQ. For shareholder enquiries please ring 0345 [illegible]

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SCHRODER KOREA FUND plc

(Incorporated in England and Wales with limited liability under the Companies Act 1985, registered number 2654666)

PLACING

of
5,000,000 Ordinary shares of $0.01 each
with one Warrant for every five Ordinary shares
(subject to [illegible]
at a placing price of $10.00 per Ordinary share
(Minimum subscription $10,000)

SPONSOR
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INVESTMENT MANAGER
SCHRODER INVESTMENT MANAGEMENT LIMITED

SHARE CAPITAL

Authorised		Issued and now being issued fully paid
$100,000	in Ordinary shares of $0.01 each	$50,000

$5,000 in nominal amount of the authorised share capital shown above will be reserved for the issue of Ordinary shares pursuant to the exercise of the Option referred to below and a further $11,000 in nominal amount will be reserved for the issue of Ordinary shares upon exercise of the Warrants.

Schroder Korea Fund plc (the "Company") has been established as an investment trust to invest primarily in the securities of Korean companies.

The Ordinary shares (with Warrants) [illegible] being placed in the United Kingdom and internationally by S.G. Warburg Securities.

The Company has granted S.G. Warburg Securities an option (the "Option") to subscribe up to 500,000 Ordinary shares (with Warrants) at a price of $10.00 per Ordinary share exercisable up to 30 days after the Closing Date of the Placing.

Application has been made to the London Stock Exchange for the Ordinary shares in, and Warrants of, the Company issued, now being issued and to be issued pursuant to the exercise of the Option to be admitted to the Official List. It is expected that Listing will become effective and that dealings in the Ordinary shares and in the Warrants will commence on 19th December, 1991.

Copies of the Listing Particulars may be obtained during normal business hours on any business day (Saturdays and public holidays excepted) up to and including 13th December, 1991 from the Company Announcements Office of the London Stock Exchange, The London Stock Exchange Tower, Capel Court Entrance off Bartholomew Lane, London EC2N 1EQ, and up to and including 27th December, 1991 from:

S.G. Warburg Securities
1 Finsbury Avenue
London EC2M 2PA

Schroder Korea Fund plc
33 Gutter Lane
London EC2V 8AS

Details will also be included in the Companies' Fiche Service available from Extel Financial Limited, 37-45 Paul Street, London EC2A 4PB from 3.00 p.m. on 12th December, 1991.

11th December, 1991

AVESCO plc

(Incorporated and registered in England No.1768383)

NOTICE TO HOLDERS OF BEARER SHARE WARRANTS OF INTERIM DIVIDEND

At a Director's Meeting held on 6 D[illegible]ber 1991 [illegible]esco plc dec[illegible] an dividend of 0.5p (net) per share for the year ended [illegible] March 1992 which is payable on 6 April 1992.

Holders [illegible] bearer Share Warrants who wish to take up the interim dividend for the year ended 31 March 1992 must lodge dividend coupon number [illegible] together with particulars of their name and address at the address of Avesco plc set out below.

Registered Office: Venture House,
Davis Road, Chessington, Surrey, KT9 1TT

By Order of the Board

N S CONN
Secretary

Dated 11th December 1991

EXTRA POINTERS FROM THE FT

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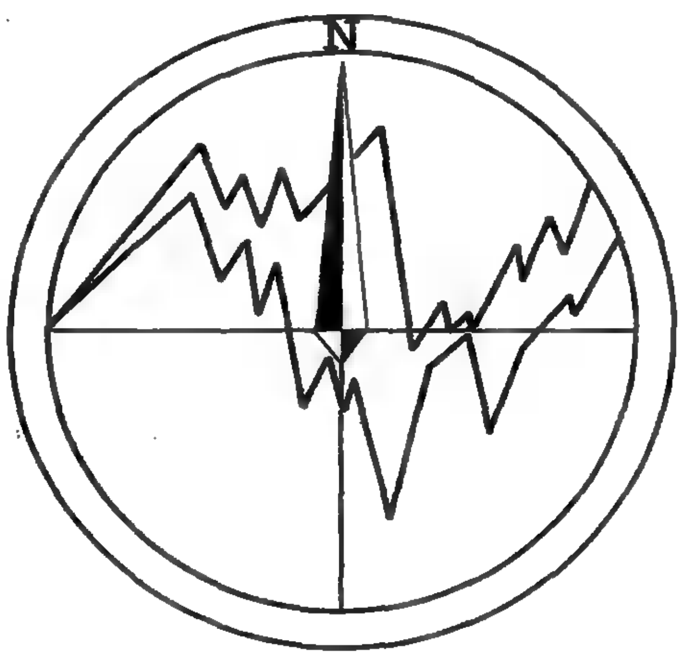

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BUSINESS AND THE ENVIRONMENT

Pollution treated to [redacted] cocktail

Cleaning up after industry might be easier in the future if scientists experimenting in the French countryside see the fruits [redacted] their labour.

The team – a joint effort by Elf Aquitaine, the French oil group; BRGM, the French bureau of geological and mining research; and ESYS, a refining and marketing subsidiary of Generale des Eaux – has just completed field tests into underground "depollution". The aim was to remove chemical and oil pollution from groundwater and subsoil without having to dig up and remove the soil.

The tests, which have been going on since July last year near Strasbourg, proved successful in removing 60 to 80 per cent of the pollution from the soil. They tackled hydrocarbon and organic pollution.

The experiments involved drilling wells to the depth of the water table and pumping water up through the polluted soil and rock. The water, which took the pollution with it, was treated with a carefully selected cocktail of nutrients which cause bacteria in the ground to breed. It is the bacteria that "eat" the pollution. The groundwater was pumped continually through the test area to wash out the pollution.

The benefits of the developing technology – called ecological engineering – are many, according to Elf Aquitaine. Wasteland is often left unused because of the high costs of demolition or the lack of suitable technology to clean it up. The underground depollution process uses relatively small pump installations that are easily transportable. It is also possible [redacted] depollute while continuing [redacted] run [redacted] business – for example, [redacted] petrol [redacted] could continue to operate [redacted] oil was [redacted] from underneath [redacted]

Estimated costs are FFr200-FFr300 (£20.50-£30.75) [redacted] tonne of terrain treated.

Elf Aquitaine hopes the data derived from [redacted] will encourage governments and [redacted] for rehabilitating the [redacted] industrial [redacted]land around the world.

Hilary de Boerr

A Courtaulds Textiles plant halved [redacted] consumption within [redacted] months of [redacted] strict [redacted] and effluent management.

"[redacted] business sense because [redacted] pay for [redacted] in [redacted] out," [redacted] Cooper, technical executive [redacted] Courtaulds. His department [redacted] responsible for helping [redacted] in [redacted] company's environmental action plan, [redacted] in 1989.

Cooper and his colleagues have been looking at [redacted] changing the complicated textile [redacted] which demand a lot [redacted] and many chemicals. "We have been trying to [redacted] number [redacted] chemicals [redacted] and have [redacted] looking for alternatives that cause [redacted] pollution. For example, we have [redacted] using [redacted]mic instead [redacted] acid, [redacted] is [redacted] a quarter [redacted] the cost." Cooper admits [redacted] in [redacted] Courtaulds' [redacted] the company [redacted] way [redacted] go [redacted] contaminants [redacted] the factories via [redacted] sewer.

[redacted] still struggling to bolt [redacted] technol[redacted] will prevent pollut[redacted] from entering [redacted] systems. Many smaller concerns [redacted] of simply pouring contami[redacted] down the drain and for[redacted]

"Bigger companies [redacted] starting to [redacted] recycling. But [redacted] slow because the investment cycles [redacted] so long – around [redacted] to [redacted] years," [redacted] David [redacted] of Ecotec, [redacted] UK [redacted] consultancy.

Industry [redacted] under [redacted] pressure to [redacted] the harmful chemicals, organic matter [redacted] pours down [redacted] drain. Traditional methods [redacted] getting [redacted] of waste-water, [redacted] diluting [redacted] allowing [redacted] disperse [redacted] rivers and estuaries, [redacted] questioned [redacted] new [redacted] of environmental damage [redacted]

For example, research by [redacted] Plymouth Marine Laboratory [redacted] all [redacted] caught [redacted] North [redacted] from [redacted] pollution. Other [redacted] shows [redacted] relatively high [redacted] heavy [redacted] – cadmium, [redacted] – have built up in [redacted] Estuary, [redacted] and throughout the North [redacted]

Governments, led mainly by EC directives on water quality, are setting tougher standards on effluent, which push up the cost of waste-water treatments.

Continuing a series on environmental challenges facing the UK water industry, **Peter Knight** looks [redacted] industry's efforts to reduce the flow of effluents

Waste tap must be turned off

And industry, realising that its environmental performance is integral to its business success, is beginning to strive for waste disposal standards that exceed legal requirements.

"The bigger companies are certainly aware of the issues," says Ewan Macdonald, man[redacted] of [redacted] Effluent Processing Club, [redacted] UK-based industry group run by AEA Industrial Technology and WRc, formerly the Water Research Council.

"But some companies on the fringe are not fully aware of the pressures and others want to i[redacted] the implications because of [redacted]s involved. This is especially true in [redacted] textile industry where pesticides are being washed out of imported raw wool," he says.

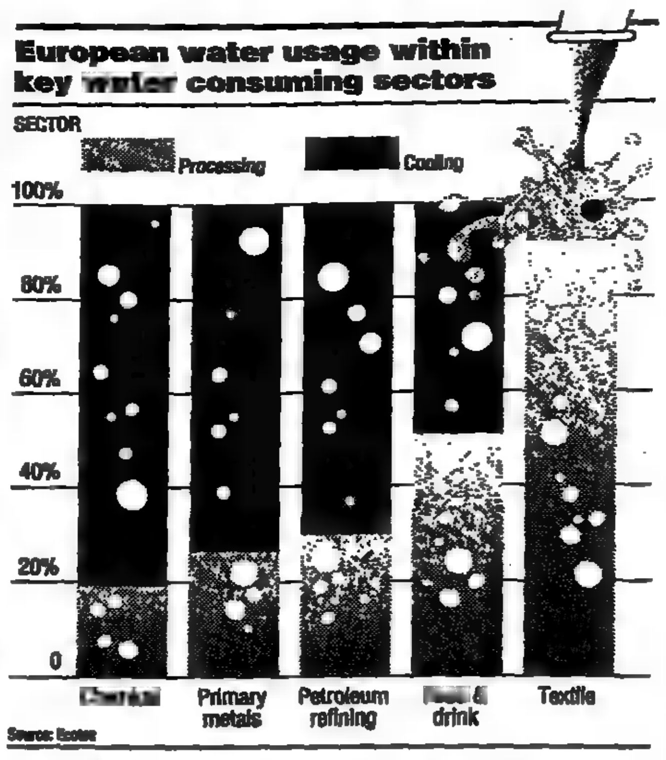
While the cost of installing [redacted] technology to extract the pesticide – or simply buying uncontaminated local wool – deters the smaller companies, bigger concerns know that it makes sense to [redacted] of [redacted] ing costs are set to rise.

Much of UK industry pours its waste-water down the drain. It pays [redacted] fee – dependent on quantity and quality – to the sewage company which treats industrial effluent with domestic sewage. The sewage companies are under increasing pressure to ensure that the treated water which leaves their plants is as clean as possible.

This means that they are beginning to get tough with their industrial clients by monitoring the effluent more closely and charging higher [redacted] for the service.

Companies have two routes available to comply with the law and to escape rising costs. First, make less waste. Second, use better technology to capture and re-use waste that cannot be prevented.

Waste-minimisation implies [redacted] change in the way manufacturers think about their task. This shift in the thought pro[redacted] is, possibly, [redacted] difficult part of reducing waste because [redacted] depends on the reappraisal of traditional methods. Because this is uncharted territory, there are as yet no textbooks for plodders.



An obvious starting point [redacted] to modify the end-product so that it will not create as much waste. Then the [redacted] used in the manufacturing process can be changed by, for example, substituting recyclable organic solvents for water.

Managers will also improve practices inside the plant to reduce the amount of water [redacted] effluent produced. Some of these steps are straightforward. A Courtaulds plant reduced its water consumption by a third simply by installing flow-controllers. Further savings were made by fitting spring-clips at the end of hoses to stop the flow when the pipe was not being used.

Once these basic improvements have been made, compa[redacted] rely on [redacted]ments to reach their targets. There is [redacted] host of [redacted] and emerging effluent-processing technologies.

The Centre for the Exploitation of Science and Technology (Cest), a UK industry-funded research organisation, esti[redacted] the [redacted] for industrial waste-water treatment will be worth £1bn a year in the UK by 1995. Ecotec puts the world market for municipal [redacted] industrial water and waste-[redacted]ter treatment at £35bn a year.

Neil Johnston of Cest says much of the money spent on municipal waste-water treatment will pay for civil engineering projects rather than on new treatment technologies. Musco of Ecotec, however, says some industry sectors have been quick to exploit the emerging technologies.

"Batch-processing companies, such as those which make chemicals, have been quicker to use the new treatment technologies because [redacted]ital costs, while high, are not as high as those in the continuous-flow processes such as steel-making," says Musco.

There are four core technologies, he says, which are producing innovations. These are: new materials such as membranes; biotechnology; information technology; and energy treatments using electrons.

Membrane filtration is the ancient technology of the sieve adapted with the use of modern materials, such as nylon or ceramics, to separate water and contaminants, sometimes as small as a molecule.

The effluent can be pumped or sucked through a membrane or it can pass by chemical transfer in a process known as reverse osmosis, which is used to remove salts from water.

While filtering might be of value, the drawback is that it collects and concentrates the the wastes which, if they cannot be re-used, have to be dumped or burnt. In some cases bio-engineering can be used to change some wastes from hazardous to innocuous.

An example is anaerobic digestion which is increasingly being used to treat biodegradable wastes, such as [redacted] sewage. The digestion process also produces gas which can be used [redacted] energy source. Other biotech research includes the [redacted] fungi to remove metals from waste.

One of the necessities for good effluent management is information technology – [redacted]ware, computers, sensors and [redacted] communications. "IT is [redacted] essential tool that wraps around the business of controlling [redacted] treatment [redacted]. And one of the important gaps is the development of sensors which enable you to measure and control," says Musco.

Researchers are also working on the use of [redacted] energy to break bonds within the effluent. In this way metals can be removed and organic materials destroyed.

Macdonald holds out most hope for membranes and electro-chemical treatments. Johnston says the different technologies need to be unified to get the best results. "There's a lot of technology around but it needs to be [redacted] together."

The series concludes next week by looking at Ofwat and the National Rivers Authority.

Tourism industry travels new road

By Michael Skapinker

After pocketing [redacted] wages every week, staff at the Palé Hall Hotel in Gwynedd, North Wales hand back the empty envelopes. The hotel's employees clean the mirrors with vinegar and use old menus as note pads.

The hotel is not being mean, just environmentally sound. Its owner has calculated that UK wage earners throw away 500m envelopes a year. The English Tourist Board (ETB) says all tourist companies in the UK will have to pay greater attention to environmental issues if they are to remain internationally competitive.

The British tourist and leisure industry employs 10 per cent of the country's workforce. In Cornwall the figure is more than 20 per cent. On the Isle of Wight it is more than 50 per cent.

Despite its importance to the economy, tourism is often seen as a destroyer of the environment. It brings litter, people and traffic. As many as 80 per cent of those making visits to the British countryside do so by car.

The ETB points out, however, that tourism can also be a force for environmental good. An example is the renovation of many of Britain's canals for tourism and recreation.

The board argues that many tourists have become more interested in attractions that have retained some of their traditional character and are beginning to shun the featureless concrete cities that occupy large parts of the Mediterranean. British tourist attractions can win an increasing proportion of this growing market by conserving and renovating traditional buildings and by preserving and rehabilitating the surrounding countryside.

The ETB last week published a guide* to tourism and the environment. The first step, it says, is to formulate a company policy on the environment and write it down. The Botley Park Hotel in Hampshire has a written policy which includes a [redacted] to purchase those products and services that are least damaging to the environment and to increase environmental awareness among its [redacted]

To ensure that [redacted] acquires credibility, the policy must immediately be translated into action, whether by beginning to use recycled paper or converting company vehicles to run on unleaded fuel. Staff need to be included in the initiative from the start. The ETB says companies should consider offering incentives to employees who come up with ideas on improving the environment.

Planning of new tourist attractions should include an environmental audit, the guide says. It is often better to look for existing structures which can be renovated than to start building from scratch. Other factors to be taken into account include suitability of local roads, public transport and the availability of water and electricity.

It is essential that local planning authorities are involved from the start. The local community should also be kept fully informed of development plans.

Companies planning new tourist developments must ensure they know what local planning policies are and if there are any historic artifacts or buildings in the area.

Would-be developers should also think about what new facilities they can offer residents and how they can co-operate with local companies. "In rural areas, developments which use and conserve existing buildings, support existing enterprises and improve opportunities for appropriate recreation are likely to be looked at positively," the guide says.

One important way of protecting the environment and retaining local community support is to limit the number of visitors to the site. It is often difficult to know in advance how many visitors an attraction can support [redacted] they become [redacted] nuisance to the surrounding residents and begin to destroy the ambiance of the site. Different prices for different times of the week and for different seasons can help to ensure [redacted] more even flow of vis[redacted]

**The Green Light – A Guide to Sustainable Tourism from the English Tourist Board, 24 Grosvenor Gardens, London SW[redacted]W 0ET. £10.70.*

FT [illegible] REPORTS

Mareva injunction discharged for non-disclosure

THE MOTOR VESSEL P
Queen's Bench Division (Commercial Court):
[illegible] Justice Evans:
December [illegible] 1991

THE BUYER of [illegible] ship who applies [illegible] *parte* [illegible] a Mareva injunction [illegible] prevent the sellers [illegible] from removing purchase monies from the UK, must disclose [illegible] the court [illegible] intention not [illegible] notify them [illegible] application before completion of sale. And an intention not [illegible] notify [illegible] unjustified [illegible] notification would be unlikely to precipitate removal [illegible] assets, and [illegible] purpose [illegible] to prevent the possibility [illegible] the [illegible] will refuse delivery [illegible] aware of the injunction.

Mr Justice Evans [illegible] held when discharging [illegible] [illegible] injunction, and refusing to grant a [illegible] injunction, freezing part of the purchase price paid in the UK by the plaintiff buyers [illegible] vessel P [illegible].

HIS LORDSHIP [illegible] that the buyers agreed to buy the P from the sellers by [illegible] sale con[illegible] memorandum [illegible] (MOA) [illegible] dated April 10 [illegible].

The completion date was July 9.

By that [illegible] parties [illegible] loggerheads [illegible] ship's condition.

[illegible] July 1 [illegible] buyers had obtained [illegible] order from the English court permitting inspection of the ship [illegible] Singapore.

The ship [illegible] charter to another company and on sub-charter. Disputes [illegible] over the interpretation and [illegible] the inspection order.

The buyers obtained [illegible] similar order from the Singapore court.

[illegible] and [illegible] were involved in London [illegible] Singapore. Relations between the professional representatives in Singapore [illegible] strained. Eventually completion was arranged for July 11.

The buyers telexed that [illegible] was [illegible] in deliverable condition under [illegible] and that they had [illegible] accept delivery but [illegible] right to [illegible]ges.

The price payable at comple[illegible] was $7m. The buyers estimated the value of their damages claim at $3m.

Th[illegible] rightly appreh[illegible]ed that in the ordinary course of business the sellers were likely to transfer the proceeds of sale out of the jurisdiction. They proposed [illegible] give [illegible] arbitration in London in respect of their damages claim.

Their London solicitor [illegible] if they [illegible] restraining the sellers [illegible] transferring $3m pending [illegible] award, [illegible] enti[illegible] to give delivery [illegible] ship. [illegible] and [illegible] buyers [illegible] the sellers nevertheless would refuse. They therefore applied [illegible] to Mr Justice [illegible] on July 11 and obtained [illegible] Mareva injunction.

The injunction [illegible] subject to an undertaking by the buy[illegible] "forthwith" to give notice [illegible] injunction to the sellers and their bank, [illegible] a pro[illegible] that nothing in the [illegible] should [illegible] effect until payment of the purchase price and/or delivery of the vessel.

The buyers' London [illegible] the view that [illegible] undertaking [illegible] give notice [illegible] the [illegible] "forthwith" [illegible] subject to the terms of the proviso and [illegible] did not [illegible] until after payment and delivery.

The sellers therefore [illegible] until after completion, which took place on July 12.

After completion, [illegible] order [illegible] served [illegible] sellers, [illegible] given [illegible] their bank, [illegible] was frozen [illegible].

Following surveys [illegible] vessel in Singapore, a further [illegible] reducing [illegible] $2m.

[illegible] sellers changed their London solicitors in August, [illegible] on September [illegible] applied [illegible] have [illegible] injunction discharged.

When the injunction [illegible] obtained it was believed the [illegible] jurisdiction [illegible] order [illegible] buyers under an MOA were [illegible] to pay and [illegible] delivery [illegible] make sure that [illegible] part [illegible] price [illegible] remain in London to provide Mareva-type security for [illegible] damages [illegible].

[illegible] the Court of Appeal [illegible] that no such jurisdiction existed [illegible] *Veracruz 1, FT November 19* [illegible]. The reason [illegible] that no injunction [illegible] ordered [illegible] buyer [illegible] of action against the seller, [illegible] the [illegible] of con[illegible] on [illegible] relied did [illegible] arise until the ship [illegible] delivered in [illegible] defective condition.

It was argued [illegible] Mr Jus[illegible] Gatehouse's [illegible] must be set aside for [illegible] of jurisdiction. The issue became [illegible] order [illegible] made which would [illegible] immediate effect against [illegible] held in London.

The [illegible] uneasy [illegible] early days of [illegible] jurisdiction [illegible] making [illegible] order *ex parte* [illegible] circumstances [illegible] would [illegible] buyer [illegible] pay the price [illegible] claim delivery [illegible] preventing [illegible] from having free use [illegible] the proceeds of sale.

In *The Great Marine No 1 [1990] 2 Lloyd's Rep 245*, Mr Justice Leggatt said sellers had an understandable disappointment in that, having been led to expect an unfettered right to deal with the whole of the purchase money, they [illegible] themselves deprived of [illegible] right to [illegible] with some of it.

[illegible] said: "Provided that the [illegible] told the facts [viz that the injunction will [illegible] to block [illegible] purchase money], it can then decide whether to grant [illegible] injunction subject [illegible] an undertaking that notice [illegible] intention [illegible] serve it will be given [illegible] the sellers before completion of the sale so that they may consider ... whether there are grounds open to them for not completing the sale."

The authorities clearly distinguished between giving [illegible] before completion [illegible] need to make full disclosure to the court when the [illegible] *parte* order [illegible] obtained.

There [illegible] circumstances in which failing [illegible] give advance notice, however unattractive, might be justified; but the duty of disclosure [illegible] the court [illegible] invariable. [illegible] the buyer/appli[illegible] intended [illegible] inform the seller [illegible] completion, that fact [illegible] always [illegible] disclosed. The injunction might be [illegible] less, [illegible] it [illegible] *The Great Marine.*

[illegible] *Bank Mellat v Nikpour [1985] [illegible] 87,92* Lord Donald[illegible] the rule requiring full disclosure was of fundamental importance.

[illegible] it was, "together with the Anton Pillar order, one of the law's two 'nuclear weapons'. If access [illegible] the weapon is obtained without the [illegible] and frankest disclosure, I have no doubt [illegible] all that [illegible] should be revoked."

Many – if not most – Mar[illegible] applications [illegible] made in circumstances in which it could reasonably be foreseen that the [illegible] would take action to remove assets from the court's jurisdiction if he became [illegible] of a pending application.

But here the parties [illegible] already locked in dispute and [illegible] communicating through solicitors. Notice [illegible] the Mareva application was unlikely to precipitate removal of assets unless such a removal would take place in any event.

The injunction [illegible] directed [illegible] the proceeds of sale which would [illegible] under the sellers' control until completion. The sellers' could not dispose of them before that time, when the order became effective according [illegible] terms.

The [illegible] sellers [illegible] not informed [illegible] that there [illegible] they might refuse delivery if they [illegible] of [illegible] injunction, although [illegible] buyers [illegible] advised [illegible] they were not entitled [illegible] refuse delivery on [illegible] ground.

Thus, the sellers [illegible] deprived altogether of their right to delay [illegible] withhold delivery, if they [illegible] such a right, [illegible] question whether the Mareva order [illegible] appropriate, before [illegible] took effect.

Lord Denning in *The Assios [1979] [illegible] Lloyd's Rep 331* thought that the sellers would be entitled in such a [illegible] at least to delay delivery [illegible] some extent. Conversely, if they were not entitled [illegible] delay delivery, the plaintiffs had nothing to lose by giving advance notice. It [illegible] even to their advantage to have the issue, if it [illegible] be raised, decided before delivery took place.

[illegible] buyers were not justified in making the application [illegible] *parte* for those reasons.

Having taken it upon themselves to make the application without notice to the sellers, the buyers undertook a heavy duty [illegible] disclosure – [illegible] which must [illegible] stringently enforced.

That duty [illegible] not discharged, and the order of Mr Justice Gatehouse should [illegible] on that ground also, even if valid as [illegible] matter [illegible] jurisdiction – which it was not.

Nor should the court, treating this [illegible] fresh application by the buyers, order [illegible] Mareva injunction at this stage.

For the plaintiff buyers: Michael Howard QC and Poonam Melwani (Holman Fenwick [illegible] Willan).

For the defendant sellers: Bernard Eder QC and Simon Bryan ([illegible] Potts).

Rachel Davies
Barrister

CONTRACTS AND TENDERS

COMPANY NOTICES

COMPANY NOTICES

CLUBS

PERSONAL

COMMODITIES AND AGRICULTURE

Venezuelan aluminium smelter plans suspended

By Joe Mann in Caracas

TWO INTERNATIONAL aluminium companies, the Aluminium Company [redacted] America (Alcoa) and [redacted] Metall, [redacted] the Venezuelan government that they [redacted] decided to "suspend" plans to invest in two large smelters *that were to be built in Venezuela*, according to Mr Roberto Pocaterra, [redacted] Minister of Finance.

The projects involved investments [redacted] around [redacted] and new aluminium smelting *capacity of over* [redacted] tonnes a year.

Although it was already known [redacted] companies had decided to put their *Venezuelan projects* [redacted] *hold*, the government announcement made it official. The minister's public [redacted] it [redacted] the government's much-publicised plan [redacted] increase aluminium smelting *capacity* [redacted] in trouble.

For [redacted], Venezuelan officials [redacted] been talking about raising capacity from the current level of 600,000 tonnes a year to 2m tonnes.

Alcoa and Austria Metall pulled [redacted] for at [redacted] sons.

Firstly the aluminium market [redacted] been [redacted] by [redacted] sharp increase in sales to [redacted] *west from the Soviet Union*. In a [redacted] President [redacted] Andres [redacted] of Venezuela, Mr Paul O'Neill, chairman of [redacted] said [redacted]tly this had eliminated profitability [redacted] much of the industry.

"If there was some prospect *that the Soviet economy would* return soon [redacted] its previous internal use level of aluminium this sudden surge [redacted] metal would [redacted] no [redacted] hope for [redacted] resurgence of the Soviet [redacted]. The [redacted] of this [redacted] the equivalent of a major increase in metal supply and there is a need to change the timing for *expansion projects*," *said* [redacted] O'Neill.

In addition, [redacted] had expected to finance [redacted] major share of their projects through the government's debt-equity [redacted] programme. This year, however, the relatively *high price of Venezuelan* government [redacted] on the [redacted] ondary market has [redacted] the [redacted] mechanism much less attractive. Alcoa, moreover, reportedly had problems in obtaining a commitment from the Venezuelan government on supplying [redacted] projected [redacted] adequate electric power. Mr [redacted] attempted [redacted] smooth the public impact [redacted] *his announcement* by noting that potential investors in two other so-called "mega-projects" to build aluminium smelters in [redacted] had indicated they were still interested.

The former [redacted] Union's exports of secondary (scrap) aluminium ingots to Japan this year have declined sharply since June, trade officials said, reports Reuter from Tokyo.

According to finance ministry data, the secondary aluminium ingot imports from the Soviet Union have continued [redacted] *fall, reaching 4,158 tonnes in October from 13,373* [redacted] June.

"The biggest reason was postponement of scheduled departures from Nakhodka port because the Soviet exporters had not paid the cost of delivering them to the port," a trade house official said. "As the Soviet Union breaks up, the imports are expected to *fall further*," he added.

LME WAREHOUSE STOCKS
(As at Monday's close)
[redacted]

Aluminium	+13,450	to 890,850
Copper	+700	to 315,300
Lead	+150	to 120,100
[redacted]	−158	[redacted]
Zinc	[redacted]	[redacted]
Tin	+45	[redacted]

Retailers agree WWF hardwood initiative

By John Hunt, Environment Correspondent

A GROUP of companies including do-it-yourself retail[redacted], property developers and timber importers has agreed to phase out by 1995 the use of tropical hardwood produced by unsustainable methods.

The agreement, reached with World Wide Fund for Nature (WWF) [redacted] that they will cease [redacted] use such timber [redacted] earlier than [redacted] phase out proposed by the *International Tropical Timber Organi*[redacted] for the [redacted] 2,000.

Mr Francis Sullivan, WWF forest conservation officer, said the intention was [redacted] forge [redacted] link between the "green" con*sumer* [redacted] *producers* [redacted] products comes from sustainable development where felled trees are replaced.

[redacted] said [redacted] the undertaking [redacted] companies [redacted] that more and more timber producers and importers would have to find out exactly where their wood [redacted] from in order to satisfy consumers' demand [redacted] sustainably-produced timber.

He described the *ITTO* as "pretty sick" with a widening [redacted] objectives [redacted] performance. He [redacted] that at its recent Yokohama meeting only seven out of 47 countries reported back on what they *were doing to* [redacted]bility by the year 2000.

The companies which have signed [redacted] commitment [redacted] the 1995 date are B [redacted] Q, Texas [redacted], Sainsbury's Homebase, MFI, [redacted] Group, [redacted]*ish Rail, News International*, M. and [redacted] Norman, Speyhawk, Ecological Trading Company, P.D. Bridgeman, Richard Graefe, Finewood, Milland Fine Timber and Richard Burbidge.

WWF is [redacted] setting up a vol*untary scheme, with the retail*ers'co-operation, to certify that timber has come from a genuinely sustainable source. WWF says this will replace the variety of existing labelling schemes which are not always [redacted].

The organisation is also taking part in the *forest steward*ship scheme under which a group of [redacted] producers, importers and environmental organisations [redacted] developing guidelines for beneficial and ecologically benign forest management *which will operate* worldwide. This is expected to be adopted at [redacted] meeting in Washington next February.

In [redacted] statement yesterday at a its tropical forestry seminar in [redacted]ondon, WWF said that mem*ber states of ITTO had failed to* improve logging practices. In 1989 ITTO published guidelines for sustainable management of tropical forests but not [redacted] singly country had implemented the recommendations or developed its [redacted] guidelines.

East Germany faced with gas crisis

Sara Knight on a price row between suppliers and distributors

EAST GERMANY's battered industry may be *faced with a* [redacted] as the bells ring [redacted]. If [redacted] agreement cannot [redacted] within the next three weeks, Germany's [redacted] new [redacted] could find [redacted] extremely short of gas over the coming months.

In half-page advertisements placed in more than 120 German newspapers, east Germany's major [redacted] distribution *company*, [redacted] Gas, (VNG, Leipzig) has appealed to the federal government to initiate emergency measures to [redacted] sufficient gas [redacted] available to high priority consumers such [redacted] hospitals.

The advertisement [redacted] form of an open letter from VNG to Wintershall, based in [redacted] and [redacted] parent, [redacted], the Ludwigshafen-based chemicals concern, *which paints* [redacted] lurid picture of Wintershall's and BASF's allegedly irresponsible and money grabbing attitude to the gas sector.

Wintershall Erdgas Handelshaus (WIEH, Berlin), a Wintershall joint venture with the Soviet gas producer Gasprom, has threatened to stop from January 1, 1992 its gas supplies of 2.8bn cubic metres or about *half of east Germany's con*sumption – unless VNG pays [redacted] price demanded by WIEH since the beginning of 1991.

So far VNG has refused to pay the full price and WIEH has [redacted] with*out* [redacted]. *As* [redacted] *result*, WIEH calculates, [redacted] will accumulate losses of DM 150m. by [redacted] of the [redacted].

In answer to the advertisement appeal, WIEH says that if VNG [redacted] seriously concerned *about the supply situation in* east Germany there is an alter[redacted]. If VNG [redacted] not [redacted] buy WIEH's [redacted] WIEH would be more than happy to supply VNG's [redacted] at the *price currently* charged, assuming that [redacted] makes [redacted] surplus pipeline capacity available [redacted] WIEH [redacted] reasonable cost.

This unprecedented [redacted] has arisen out of the 18-month [redacted] between west Germany's giant gas distributor, Ruhrgas, of Essen, and Wintershall, [redacted] newcomer to the German gas scene. It could have been *avoided* if, *after* the collapse of the communist system, the old state gas distribution monopoly had [redacted] survived in [redacted] form [redacted] company, VNG, *dominated* by Ruhrgas.

A [redacted] cent stake in VNG was [redacted] by the Treuhandanstalt, the body administering the privatisation of east Ger[redacted] companies, to [redacted] gas and 10 per cent to BEB, of Hanover, [redacted] jointly by Esso and Shell, in August 1990. BEB [redacted] direct 25 per [redacted] share in Ruhrgas. The remaining 55 per cent of VNG shares have been earmarked *for* buyers but the sale has still not been finalised. One of these is Wintershall, which is making its debut in the gas distribution sector with two new long-distance pipelines. The first, named *Midal*, *will run* from the North Sea to Ludwig[redacted] in west Germany to connect with [redacted] second, [redacted] Stegal pipeline across east Germany, linking with the Czechoslovakian [redacted] pipeline [redacted]rying [redacted] gas [redacted] Germany.

Frustrated in its [redacted] to buy [redacted] in VNG, (it has now been allo[redacted] plus one share) or to persuade the Treu*handanstalt* to open up VNG's gas pipelines for use by third parties, Wintershall pulled off [redacted] with [redacted] suppliers. In September 1990, it set up a joint gas trading house, WIEH, with the Soviet State [redacted] company, [redacted]asprom, *to* market Soviet gas. In early November *this* year WIEH signed a term contract running to 2012 for Russian gas with volumes increasing step by [redacted] 13.5bn cu m a year by 1997.

So VNG has [redacted] pipelines, [redacted] consumers and, through an old intergovernmental contract, direct access to 2bn cu m a year of Russian [redacted]. But WIEH holds the trump. [redacted] markets most of the Russian gas.

[redacted] price [redacted]ttle has arisen over [redacted] difference of 0.28 Pfennigs (0.1p) per [redacted]h. WIEH has offered to supply VNG with gas [redacted] an east German border price [redacted] Pfennigs/kWh for long term deliveries. VNG is refusing [redacted] pay more than the so-called Waidhaus price of 1.66 Pfennigs/kwh. Waidha[redacted] is the border post where *the gas* transit pipeline bringing Russian gas across Czechoslovakia passes into west Germany to take the gas into western Europe. WIEH says the Waidhaus price is determined by old contracts where *prices* are adjusted each year but are nevertheless based on a world gas price which is no longer relevant.

WIEH says the Waidhaus price is determined by old contracts where *prices* are adjusted each year but are nevertheless based on a world gas price, which is no longer relevant.

Ruhrgas and VNG claim the opposite. The Waidhaus price *is valid for all* west European customers, they say. Why should poor east Germany pay 20 to 25 per cent more? "We cannot accept your excessively high price offer, as it would push [redacted] company into bankruptcy," says VNG in the newspaper advertisement. If that is the case, counters WIEH, why did Mr Klaus-Ewald Holst, the VNG chairman, send a telex to Gasprom on October 23, 1990 offering to pay 1.96 Pfennigs/kwh *for gas* delivered direct from Gasprom, by-passing the Gasprom/Wintershall joint venture? VNG and Ruhrgas deny such an offer was made to Gasprom. WIEH concludes that *it* is not a matter of price for VNG "but simply and solely a matter [redacted] eliminating undesired competition".

WIEH also claims that VNG has agreed [redacted] pay [redacted] pfennigs/kwh for gas *from* BEB, while the Ruhrgas/VNG pipeline joint venture in east Germany, EVG, has agreed to pay 2.35 pfennigs/kwh for gas from Ruhrgas. A Ruhrgas official says such higher prices are justified *by additional services*. [redacted]r example Ruhrgas and BEB will supply the [redacted] on demand so that VNG does not have to hold reserves for demand peaks. But, says a WIEH spokesman, such services costs have already been deducted to reach the prices quoted above.

And so the arguments continue, despite mediation attempts by politicians and the federal cartel office. But WIEH is facing a situation where it will not be *sitting on the long* end of the lever much longer. Ruhrgas regrets that it will not be able to supply the missing gas if the threatened supply cut is enforced – but only for a few months. In the *second half of 1992 a Ruhrgas gas link* from west to east Germany will be completed, allowing much greater access to North Sea gas. If Ruhrgas can also negotiate for increased North Sea gas supplies, WIEH will lose its vital advantage.

World stocks 'to reach 7-year high'

By Kenneth Gooding

TOTAL ALUMINIUM [redacted] the former eastern bloc countries will by the end of 1991 be over 2.53m tonnes or nearly [redacted] weeks' supply – the [redacted] year-end [redacted] since *1984, according to Metal Bulle*tin Research.

In 1984 year-end stocks were 2.774m tonnes and represented 11.7 weeks' consumption.

MBR suggests in a special report that, [redacted] much *more of the metal is now in* highly-visible London Metal Exchange stocks, prices should respond rapidly [redacted] they start to fall.

This improvement will probably not [redacted] about until [redacted] *second half of* [redacted] recovery will be only modest, [redacted] authors, Ms Rosalind Stewart and Mr Neil [redacted]

They expect aluminium prices to be in the $1,000 to $1,250 [redacted] tonne range in the fist half [redacted] year, rising to [redacted] second half. [redacted] *should* [redacted] "more robust" price recovery in 1993.

MBR suggests that Soviet aluminium shipments to the west, which have caused such turmoil in the market, will fall from 800,000 tonnes this year *but remain high by historical* standards. Net exports are [redacted]cast to ease to 500,000 tonnes next year and to 375,000 tonnes in 1993 as domestic demand in *the former Soviet Union recov*[redacted] slowly.

The report says [redacted] *if* [redacted] potential [redacted] aluminium smelter proj[redacted] come [redacted] fruition, more than 3m tonnes will be added to [redacted]ity by 1993. Beyond that year, based on the assumption that *aluminium consumption* [redacted] grow [redacted] an annual [redacted] per [redacted] and [redacted] Soviet net exports, there may be supply shortages of 500,000 tonnes a year in 1994 and 1995. However, the report adds: "To put this in perspective, it would only need the development of [redacted] *466,000 tonnes* Alusaf smelter (mooted for South Africa) to bridge the gap. [redacted] do not, therefore, see a smelter bottleneck developing in the first half of the 1990s.

"Aluminium Industry [redacted] *1991" £600 from MBR,* [redacted] *Lower Marsh, London* [redacted] *7JR,* [redacted]

New York's 5-day silver options trading launched

By Barbara Durr in Chicago

THE NEW York Commodities Exchange, [redacted] world's [redacted] active precious metals market, *yesterday* launched *trading* in five-day options on [redacted] new product is modeled on the five-day gold options [redacted] began [redacted] on September [redacted] and have enjoyed success.

The silver options aim [redacted] *offer traders* [redacted] *opportunity* [redacted] participate in the silver market with limited risk, while [redacted]ing the potential to make substantial profits.

Each five-day [redacted] option will expire five days after it is *listed and each day Comex will* list [redacted] new five-day call and put with an at-the-money strike price. The strike price will be calculated based on the settlement [redacted] of silver futures on the [redacted] day.

At expiry the five-day silver options will be automatically *exercised and cash settled*.

Mr David Halperin said that he expected the new contract to be successful because [redacted]ventional silver options [redacted] enjoying their [redacted] ever, and [redacted] prices have exhibited the kind of volatility conducive to trading [redacted] *instrument*".

Trading volume in traditional [redacted] options, which stood at 964,230 contracts last week, is expected to go over [redacted] 1m mark this [redacted]. Last [redacted] options were traded at the [redacted].

Comex's trading volume in five-day gold options [redacted] 11,327 contracts last Friday. Daily volume has edged up from about 178 [redacted] imme[redacted] after its September launch [redacted] 240 at [redacted].

LME copper price falls to lowest for six months

By Kenneth Gooding, Mining Correspondent

COPPER'S PRICE fall to the *lowest level in six months* at one stage on the London Metal [redacted] yesterday as the market became more convinced that the recent [redacted] was [redacted].

One dealer said: "The bubble seems to have *burst*. *It looks as* though [redacted] parties who [redacted] *been propping* up the price can't afford to keep on rolling [redacted] the backwardation and are finding options too expensive."

The [redacted] forced the LME executive to step in on December 3 *to set* [redacted] *limit on the daily* backwardation (the premium for metal for immediate delivery compared with the forward price).

Sumitomo, the [redacted] group which has control over much of [redacted] LME copper stockpile, is widely believed to have *changed* tactics and is expected gradually to release its hold on the metal. [redacted] rise of 700 tonnes yesterday [redacted] the stocks to [redacted] – the highest level [redacted] March, [redacted]

Copper for immediate [redacted] *closed last night at £1,206 a* tonne, [redacted] while copper [redacted] delivery [redacted] three months was down £11 to £1,225.

Analysts suggest [redacted] fundamental outlook for copper is not particularly bright. Mr Phillip Crowson, chief economic adviser to the RTZ Corporation, which *produces* more than 5 per cent of the world's copper, suggested recently that there would be adequate copper – at all levels of production – [redacted] satisfy [redacted] demand over the next few years.

MINOR METALS PRICES

Prices from Metal Bulletin [redacted] week's in brackets).

ANTIMONY: European free [redacted] 99.6 per cent, $ [redacted] tonne, in warehouse, 1,640-1,680 (same).

BISMUTH: European [redacted] market, min. 99.99 *per cent*, $ per lb, tonne lots in warehouse, 2.80-3.20 (same).

CADMIUM: European [redacted] market, min. 99.5 per cent, $ per lb, in warehouse, 1.65-2.10 [redacted]

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 28.00-29.50 [redacted] 27.50).

MERCURY: European free market, min. 99.99 per cent, $ *per 76 lb flask, in warehouse*, 95-120 (95-115).

MOLYBDENUM: European free [redacted], drummed molybdic oxide, $ per lb Mo, in warehouse, [redacted] (2.14-2.17).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in [redacted] 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 59-67 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.30-2.45 (same).

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, [redacted] (7.25).

WORLD COMMODITIES PRICES

MARKET REPORT

[redacted] below [redacted] a troy ounce [redacted] the London bullion [redacted] yesterday as profit taking emerged in the [redacted] of Monday's rally. [redacted] silver prices triggered the [redacted]. Gold should [redacted] *and recover ground* [redacted] *prevailing* bullish sentiment during [redacted] of the week, [redacted] said. "The Middle East [redacted] buy up silver [redacted] and met a wall of fund selling, [redacted] they reversed their position and gold went with it," *one dea*[redacted] *On the LME* nickel continued [redacted] rise, with *reports of Chinese buying* interest prompting short covering. Th[redacted] was also some fundamental [redacted] that [redacted] fragmentation [redacted] Union could [redacted] in disruption [redacted] its exports [redacted] nickel. [redacted] closed lower, [redacted] the premium for [redacted] metal narrowing [redacted] a [redacted] compared with Monday's [redacted] Aluminium edged [redacted] *buying* [redacted] *emerged* [redacted] key support level of $1,100 [redacted] three-month metal in a [redacted] to news of a fall in [redacted] producer [redacted]. The [redacted] fell by 24,000 tonnes, while [redacted]*wrought inventories* [redacted] by 14,000 tonnes, confounding market expectations. LME warehouse stocks rose by a slightly lower than forecast 13,450 [redacted]

Compiled [redacted]

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-0.15q	-.025
Brent [redacted]	$18.10-8.20	
[redacted] *(Jan)*	*$18.20-8.30*	
W.T.I. (1 pm est)	[redacted]	[redacted]
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$202-204	-1
[redacted]	[redacted]	[redacted]
Heavy Fuel [redacted]	$72-73	
Naphtha	*$184-185*	
Petroleum Argus [redacted]		
Other		+ or -
Gold (per troy [redacted]	[redacted]	[redacted]
Silver (per troy oz)♣	[redacted]	-4.5
Platinum (per troy oz)	[redacted]	-3.75
[redacted] (per troy [redacted]	[redacted]	
Copper [redacted]	103.0[redacted]	-0.5
[redacted] (US [redacted]	37.0c	
Tin (Kuala Lumpur market)	14.61r	+0.01
Tin (New York)	254.5c	
[redacted] (US Prime [redacted]	62.0c	
Cattle (live weight)†	[redacted]	[redacted]
Sheep (dead weight)†	149.17p	-9.16*
Pigs (live weight)†	86.63p	+4.31*
London daily sugar (raw)	$235.0x	+3.2
London [redacted] sugar [redacted]	$277.5x	+1.5
Tate and Lyle export [redacted]	£237.5	+1.5
Barley (English [redacted]	£120.5	
Maize [redacted] No. 3 yellow)	£148	
Wheat (US [redacted] Northern)	£101	
Rubber (Jan)♥	49.50p	-0.75
Rubber (Feb)♥	50.00p	-0.50
Rubber (KL RSS No 1 Jan)	218.0m	-0.5
Coconut oil (Philippines)§	$610y	
Palm Oil (Malaysian)§	$372.5u	
Copra (Philippines)§	$392.5	
Soyabeans (US)	*£144.5*	*-1.0*
Cotton "A" index	61.55c	
Wooltops (64s Super)	415p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jan t-Feb/Mar u-Jan/Mar x-Nov/Dec y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	[redacted]	[redacted]	High/Low	
Mar	195.00	[redacted]	198.00	194.00
[redacted]	[redacted]	[redacted]	197.00	194.00
[redacted]	[redacted]	[redacted]	[redacted]	
Oct	[redacted]		196.00	

[redacted]	[redacted]	[redacted]	*High/Low*	
[redacted]	276.5	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	280.5	[redacted]	277.0
[redacted]	281.5	[redacted]	[redacted]	281.5
May	[redacted]	[redacted]	[redacted]	

[redacted] *Raw 227* [redacted] *50* [redacted] 853 (551)
[redacted] White (FFr per tonne): [redacted] *1534.54*

CRUDE OIL – IPE [redacted]

	Latest	[redacted]	[redacted]	
[redacted]	18.40	18.01	[redacted]	17.90
Feb	[redacted]	18.08	*18.40*	[redacted]
Mar	[redacted]	[redacted]	[redacted]	[redacted]
Apr	[redacted]	18.07	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	[redacted]
Jun	[redacted]	[redacted]	[redacted]	17.85
IPE Index	18.45	19.13		

Turnover 19739 (29383)

GAS [redacted] – IPE [redacted]

	[redacted]	Previous	High/Low	
Dec	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	*176.00*	*172.00*
Feb	173.75	[redacted]	177.25	[redacted]
Mar	170.00	[redacted]	173.75	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
May	166.00	[redacted]	[redacted]	[redacted]
Jun	169.00	170.50	[redacted]	168.00
Jul	*170.00*	*171.50*	[redacted]	*170.00*
[redacted]	172.50	173.00	[redacted]	

Turnover 24371 (19883) lots of 100 tonnes

JUTE
December/January c and f Dundee BTC $380, BWC n/o, BTD $365, BWD $405; c and f Antwerp BTC $380, BWC $380, BTD $380, BWD $360.

COTTON
Liverpool- [redacted] and shipment [redacted] for the week ending December [redacted] amounted to 330 tonnes against 78 tonnes in the previous week. Improved demand brought moderate purchases mainly in African and Middle Eastern descriptions. Central and South American growths made some progress.

COCOA – London FOX [redacted]

	Close	[redacted]	High/Low	
[redacted]	729	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]	763
[redacted]	768	[redacted]	[redacted]	[redacted]
Jul	812	816	817	[redacted]
Sep	836	837	841	[redacted]
[redacted]	865	865	870	[redacted]
May	909		909	
Jul	[redacted]	926	923	
Sep	[redacted]	942	[redacted]	

[redacted] lots of 10 [redacted]
[redacted] *indicator* [redacted] *(SDRs per tonne). Daily* [redacted] for Dec.9 [redacted] (972.23) 10 day average [redacted] Dec.10 964.07 [redacted]

COFFEE – London FOX $/tonne

	Close	*Previous*	*High/Low*	
Jan	1065	1062	[redacted]	[redacted]
[redacted]	1021	1024	1025	1019
May	1004	1010	1014	1002
Jul	1007	1012	1013	1006
Sep	1023	1022	[redacted]	
[redacted]	[redacted]	1035	[redacted]	1036

[redacted] lots [redacted] 5 [redacted]
ICO indicator prices (US cents per pound) for Dec.9 : Comp. daily 63.84 (64.37) 15 day average 65.40 (65.44)
Sterling close: January [redacted] , March [redacted]

POTATOES – London FOX [redacted]

	[redacted]	Previous	High/Low
Apr	[redacted]	[redacted]	[redacted]
May	[redacted]		[redacted]

[redacted] 29 [redacted] 20 [redacted]

SOYAMEAL – London FOX £/tonne

	[redacted]	[redacted]	High/Low
Dec	[redacted]		125.00
Apr	[redacted]		125.50
Jun	120.00		120.00
Aug	[redacted]		121.00

Turnover 144 (0) lots of 20 tonnes.

FREIGHT – London FOX [redacted] point

	[redacted]	[redacted]	High/Low	
[redacted]	1575	[redacted]	1575	1570
Jan	1602	1639	*1630*	*1600*
[redacted]	[redacted]	1640	1620	1590
Apr	1610	1644	1620	1608
Jul	1395	1435	*1420*	*1400*
[redacted]	1563	[redacted]	1563	

Turnover 615 (156)

GRAINS – London FOX [redacted]

Wheat	[redacted]	Previous	High/Low	
Jan	[redacted]	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	127.60	127.10
[redacted]	[redacted]	[redacted]	*130.65*	[redacted]
[redacted]		[redacted]	High/Low	
Jan	116.65		116.65	

Turnover: Wheat 201 (186), Barley 4 (10).
Turnover lots of 100 Tonnes.

PIGS – London FOX [redacted] p/kg

	[redacted]	[redacted]	*High/Low*	
Jan	105.3	104.0	105.0	104.0
Feb	107.0	106.0	107.0	106.0
Mar	106.0		[redacted]	107.0
Apr	[redacted]		[redacted]	
[redacted]	108.0		107.0	
Jun	108.0		107.5	

Turnover:85 (16) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	*129.84*	*131.60*			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	[redacted] Official	[redacted]	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 22,089 lots
Cash	1096-7	1094.5-5.5		1076-5.5		
3 [redacted]	*1111-2*	*1110-1*	*1112/1104*	*1104-4.5*	*1111-2*	132,500 lots
[redacted] (£ [redacted] tonne)						Total daily [redacted] 29,816 [redacted]
Cash	[redacted]	1221-2	[redacted]	[redacted]		
3 [redacted]	[redacted]	1236-6.5	1239/1223	[redacted]	[redacted]	[redacted]
[redacted] (£ per tonne)						Total daily turnover [redacted] lots
[redacted]	[redacted]	292-3	295.5/295	295-5.5		
3 months	[redacted]	[redacted]	306/303	304-5	[redacted]	15,601 lots
Nickel ($ per tonne)						Total daily turnover 5,621 lots
Cash	7140-50	[redacted]	7128	7120-5		
3 [redacted]	7175-80	7130-40	[redacted]	[redacted]	[redacted]	19,063 lots
Tin ($ per tonne)						Total daily turnover 1,214 lots
Cash	5475-85	5485-90	5485/5481	[redacted]		
3 [redacted]	[redacted]	5535-40	[redacted]	5531-2	5535-40	[redacted] lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,864 lots
Cash	1189-91	1212-7		[redacted]		
3 months	1157-8	[redacted]	[redacted]	1161-2	1161-2	[redacted]

LME Closing £/$ rate:
SPOT: 1.8083 [redacted] [redacted] [redacted] 1.7802

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	368.20-368.60	
Opening	369.40-369.80	
Morning fix	[redacted]	204.360
Afternoon fix	[redacted]	203.680
[redacted] high	371[redacted]	
[redacted] low	367[redacted]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	[redacted]	6 [redacted]	[redacted]
2 [redacted]	4.19	[redacted]	[redacted]
[redacted]	4.04		

[redacted]	[redacted] oz	US cts [redacted]
Spot	223.60	404.35
3 [redacted]	[redacted]	408.85
6 months	[redacted]	[redacted]
12 months	[redacted]	[redacted]

GOLD COINS
[redacted] by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	[redacted]	[redacted]
Maple leaf	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

TRADED OPTIONS

Aluminium [redacted]	Calls		Puts	
Strike price [redacted] *tonne*	*Mar*	[redacted]	*Mar*	[redacted]
1000	117	[redacted]	6	10
1100	46	[redacted]	32	37
1200	11	31	[redacted]	90
Copper (Grade [redacted]	Calls		Puts	
2100	[redacted]	115	25	[redacted]
2200	47	65	[redacted]	[redacted]
2300	17	33	[redacted]	[redacted]
[redacted]	Jan	Mar	Jan	[redacted]
[redacted]	47	47	1	[redacted]
[redacted]	11	21	15	[redacted]
[redacted]	1	8	55	76
Cocoa	[redacted]	May	Mar	[redacted]
750	45	[redacted]	28	30
775	33	55	41	41
800	25	42	58	54
Brent Crude	[redacted]	[redacted]	Jan	Feb
1800	[redacted]		[redacted]	[redacted]
1850	16		42	78
1900	*4*	*40*		

New York

GOLD 100 troy oz.; $/troy oz.

	[redacted]	[redacted]	High/Low	
Dec	[redacted]	[redacted]	[redacted]	368.5
[redacted]	369.7	370.2	0	0
Feb	[redacted]	371.6	373.1	370.5
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jun	375.7	[redacted]	377.8	374.7
Aug	378.1	[redacted]	378.1	378.1
[redacted]	380.5	381.0	0	0
Dec	[redacted]	[redacted]	[redacted]	383.0
[redacted]	[redacted]	386.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	[redacted]	[redacted]	High/Low	
Jan	371.5	371.6	372.3	370.5
Apr	373.8	374.1	[redacted]	[redacted]
[redacted]	376.1	[redacted]	0	0
Oct	382.1	382.3	0	0
Jan	[redacted]	384.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	P[redacted]	High/Low	
Dec	397.8	[redacted]	401.5	397.0
Jan	399.3	[redacted]	0	0
Feb	[redacted]	[redacted]	0	[redacted]
[redacted]	[redacted]	[redacted]	406.5	400.5
May	406.1	[redacted]	410.0	[redacted]
Jul	409.5	[redacted]	412.0	[redacted]
Sep	[redacted]	416.3	0	0
Dec	418.4	421.7	420.0	417.5
Jan	420.3	423.7	0	0
Mar	424.1	427.6	[redacted]	425.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	[redacted]	[redacted]	97.90	97.20
Jan	[redacted]	[redacted]	97.80	96.70
Feb	[redacted]	[redacted]	[redacted]	97.00
Mar	[redacted]	98.10	[redacted]	96.50
Apr	[redacted]	97.90	[redacted]	96.90
May	98.45	97.75	97.15	[redacted]
Jun	[redacted]	[redacted]	[redacted]	[redacted]
Jul	98.30	[redacted]	[redacted]	96.40
[redacted]	96.20	97.25	[redacted]	96.75
[redacted]	96.15	97.15	[redacted]	96.25

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	[redacted]	High/Low	
Jan	19.59	19.42	[redacted]	[redacted]
Feb	[redacted]	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	19.72	19.25
Apr	[redacted]	[redacted]	19.70	[redacted]
May	19.58	19.39	19.63	[redacted]
Jun	19.56	19.38	19.60	[redacted]
Jul	19.58	[redacted]	[redacted]	19.33
[redacted]	[redacted]	19.39	[redacted]	[redacted]
Sep	19.56	19.38	19.66	19.40

HEATING OIL 42,000 US galls, cents/US galls

	Latest	[redacted]	[redacted]	
Jan	5610	5448	5570	5415
Feb	5625	[redacted]	5590	[redacted]
May	5330	5280	5330	5230
Jun	5240	5160	5275	[redacted]
Jul	5235	5150	5250	5150
Aug	5325	5225	5335	5250
[redacted]	5440	5350	5460	5400

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	[redacted]	[redacted]	1239	[redacted]
Mar	[redacted]	[redacted]	1279	[redacted]
May	1311	[redacted]	1314	1305
Jul	1340	[redacted]	1340	1332
[redacted]	1369	[redacted]	1370	1369
[redacted]	1408	[redacted]	0	0
[redacted]	[redacted]	[redacted]	0	0
[redacted]	[redacted]	[redacted]	0	0
Jul	[redacted]	1470	0	[redacted]
Sep	1500	1489	1496	1492

[redacted] "C" [redacted]

	[redacted]	[redacted]	High/Low	
Dec	75.90	76.10	76.00	[redacted]
Mar	[redacted]	[redacted]	80.20	79.65
May	[redacted]	[redacted]	82.90	82.40
[redacted]	85.15	[redacted]	85.70	85.10
[redacted]	87.75	88.30	88.05	87.[redacted]
Dec	[redacted]	91.90	[redacted]	[redacted]
[redacted]	94.50	95.40	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	[redacted]	[redacted]	High/Low	
Mar	[redacted]	9.09	9.05	8.89
May	[redacted]	9.02	[redacted]	[redacted]
Jul	[redacted]	*9.00*	[redacted]	[redacted]
Oct	8.82	9.00	8.95	[redacted]
Mar	8.80	[redacted]	8.80	8.80
May	[redacted]	[redacted]	*0*	*0*

COTTON 50,000; cents/lbs

	Close	*Previous*	*High/Low*	
Mar	[redacted]	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]	[redacted]
Jul	62.00	64.08	[redacted]	61.40
Oct	64.10	65.28	64.00	63.75
[redacted]	64.74	65.58	64.74	64.00

ORANGE JUICE 15,000 lbs; cents/lbs

	[redacted]	[redacted]	[redacted]	
Jan	[redacted]	[redacted]	[redacted]	160.70
[redacted]	[redacted]	162.95	[redacted]	162.40
May	[redacted]	163.25	164.50	162.70
Jul	[redacted]	162.95	[redacted]	0
Sep	[redacted]	[redacted]	0	0
Nov	[redacted]	[redacted]	0	0
Jan	151.00	150.00	151.00	151.00
Mar	151.00	150.00	0	0
[redacted]	[redacted]	150.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

[redacted]	[redacted]	[redacted]	yr [redacted]
[redacted]	[redacted]	1825.0	1718.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec.9	[redacted]	mnth ago	yr ago
Spot	116.81	114.34	112.52	122.87
Futures	121.43	121.25	121.17	125.78

Chicago

SOYABEANS 5,000 bu min; cents/60lb [redacted]

	Close	[redacted]	High/Low	
Jan	[redacted]	[redacted]	554/0	[redacted]
Mar	[redacted]	561/0	561/2	554/4
May	562/6	569/2	568/4	562/2
Jul	570/6	575/6	576/4	[redacted]
Aug	574/4	[redacted]	[redacted]	574/4
Sep	*577/0*	*579/0*	[redacted]	[redacted]
Nov	580/6	[redacted]	[redacted]	[redacted]

SOYABEAN OIL [redacted] cents/lb

	[redacted]	Previous	High/Low	
Dec	19.04	19.16	19.17	19.01
Jan	19.09	19.20	[redacted]	19.07
Mar	19.37	*19.51*	*19.59*	*19.35*
May	19.68	19.79	19.86	19.66
Jul	[redacted]	[redacted]	20.10	[redacted]
Aug	20.11	20.22	20.24	20.11
[redacted]	[redacted]	[redacted]	20.28	20.20
[redacted]	[redacted]	[redacted]	[redacted]	20.30

SOYABEAN MEAL 100 [redacted]

	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	170.9
Jan	[redacted]	[redacted]	172.2	[redacted]
[redacted]	169.3	170.8	171.1	169.0
May	[redacted]	171.4	171.8	169.3
Jul	171.7	[redacted]	173.8	171.3
Aug	[redacted]	173.9	174.0	172.2
[redacted]	[redacted]	174.0	174.5	172.8
Oct	166.5	166.5	166.3	166.5

MAIZE 5,000 bu min; cents/56lb bushel

	[redacted]	[redacted]	High/Low	
Dec	240/4	238/6	241/4	239/4
Mar	246/6	[redacted]	[redacted]	246/4
May	252/6	[redacted]	[redacted]	252/4
Jul	257/4	259/0	259/4	[redacted]
Sep	256/2	256/4	[redacted]	255/0
Dec	[redacted]	254/6	256/2	[redacted]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	383/0	385/2	386/2	382/4
Mar	377/4	380/6	380/0	376/4
May	356/6	358/2	359/2	356/4
Jul	[redacted]	329/6	330/4	328/4
Sep	[redacted]	[redacted]	336/0	335/0
Dec	[redacted]		346/4	346/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	[redacted]	[redacted]	73.32	72.82
Feb	73.97	74.65	74.70	73.65
Apr	74.20	74.82	74.82	74.10
Jun	70.10	70.55	70.65	69.97
Aug	68.17	68.65	68.60	68.12
Oct	68.82	69.15	69.00	68.52

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	40.65	41.42	41.20	40.45
Feb	[redacted]	41.25	41.20	40.40
[redacted]	[redacted]	39.65	39.50	38.82
Jun	43.97	44.75	44.65	43.75
Jul	44.15	44.80	44.88	44.00
Aug	43.17	43.[redacted]	43.75	42.65
Oct	40.17	40.60		40.05

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	37.80	38.37	[redacted]	37.55
Mar	[redacted]	38.47	38.57	37.75
May	[redacted]	39.62	39.60	38.80
Jul	[redacted]	40.22	40.15	39.15
Aug	[redacted]	38.60	39.00	38.52

Share
Setback for oil leaders
Davies ret switches
From public

هكذا من الأصل

LONDON STOCK EXCHANGE

Share prices drift off in thin trading

By Terry Byland, UK Stock Market Editor

THE UK [redacted] market struggled to [redacted] on to the FT-SE 2,400 benchmark yesterday but fell away in the second half of the session when Wall Street opened on the downside. Trading volume remained thin in London, and traders feared that the pre-Christmas [redacted] set in early this year.

The uncertainties over the [redacted] negotiations, and the outlook for sterling and for domestic interest rates continued to hang over the stock market. Once again, a substan[redacted] contribution [redacted] day's total volume came from trading in the new shares of BT, the new tranche of Government shares which entered the market on Monday.

The day started quietly with the blue chip stocks attempting to extend the somewhat

Account [redacted]		
First Dealings:		
Nov 25	[redacted]	Dec 30
Option Declarations:		
Dec 5	Dec 20	Jan 9
Last Dealings:		
Dec 6	Dec 27	Jan [redacted]
Account Day:		
Dec 16	Jan 6	Jan 20

*New-time dealings may take place from 8.30 am two business days earlier.

unexpected advance of the pre-[redacted].

Sentiment was helped by a £615m bid from Redland for Steetley, which fulfilled [redacted] market's long-running hopes, but was restrained by [redacted] rights issue of £376m from Inchcape, the overseas trading [redacted].

But it [redacted] soon clear [redacted] institutional support was still [redacted] from the market and the meagre gain of 4.7 [redacted] in the Footsie in early trading proved [redacted] be [redacted] high [redacted] day.

Share gains soon reversed themselves and although there [redacted] little selling [redacted], the market was in negative territory [redacted] as the morning [redacted] got under way.

After falling by 11 points, the Footsie rallied to regain the [redacted] mark, [redacted] to hold steady at these levels for the rest of the day, although trading volume [redacted] unimpres[redacted]. The heart [redacted] taken out of UK equities when Wall Street opened with a fall 12 points in Lo[redacted] trading hours.

The final reading put [redacted] FT-SE [redacted] above the day's low, [redacted] showing a net fall of 17.6. Seaq volume [redacted] compared with 634m on Monday.

Traders' chief complaint was of the lack of genuine retail business in equities. Statistics [redacted] Exchange confirmed that retail, or customer, business in equities dipped to a mere [redacted] on Monday. Daily volume has [redacted] below the £1bn mark, seen as the sign of [redacted] healthy market, [redacted] more [redacted] a [redacted], [redacted] hints of further staff cutbacks at securities firms continue to circulate [redacted] London market.

There was little immediate response [redacted] day's statistics on UK producer prices for last month, [redacted] general uncertainty over the [redacted] domestic economy remained unchanged.

The modest improvement in sterling, [redacted] Maastricht talks continued, made little dif[redacted] growing doubt as to whether UK base rates can be cut, even by a mere half [redacted] point, [redacted] early next [redacted].

Wall Street's bearish influence was [redacted] chiefly in [redacted] the blue chip [redacted]. ICI, [redacted] and Reuters [redacted] ground, and [redacted] oil [redacted] lower. Among [redacted] interest rate-influenced issues, ho[redacted], retail stocks held relatively steady in spite of nervousness regarding the Christmas selling season.

The long-awaited bid for Steetley hit the shares of the bidder, Redland, but took the heat off of some of the other [redacted] stocks which [redacted] been marked d[redacted] possible [redacted]. Financial stocks remained without support.

Setback for oil leaders

THE OIL majors, British Petroleum and Shell Transport, took a double hit, weakened by another [redacted] in crude [redacted] prices and [redacted] profits and dividends downgrade by Smith New Court, the [redacted]. Adding [redacted] downward pressure on [redacted] was [redacted] dation from Strauss Turnbull, [redacted].

The Smith New Court down[redacted] put the broker's [redacted] mates firmly at the bottom of the market range. Mr Nick Clayton at Smith lowered his [redacted] of [redacted] net income for BP from £800m to £621m and that for 1992 from £1.3bn to £1.055bn. He reduced his 1992 dividend estimate from 18.3p to 17.9p.

For Shell, the Smith analyst cut his 1991 estimate for historic cost net income from £2.85bn to £2.65bn and that for 1992 from £3.8bn to £3.5bn. His 1992 dividend prediction is lowered from 23p to 22.8p.

Mr Clayton [redacted] rock [redacted]tom margins in petrochemicals, muted recovery hopes and the re[redacted] weakness in oil prices, for the downgrades. BP declined 4 [redacted] of 13m, a figure substantially boosted [redacted] late deal of 6m shares at 280p, thought [redacted] have represented a "bed and breakfast", or tax-related, trade. Shell dipped 6 to [redacted]75p on 1.7m. Strauss Turnbull recommended a switch out of Shell and into British Gas.

ICI active

A positive meeting hosted by *ICI yesterday failed to filter* through into the share price. A badly handled sell order was said to be hanging over the stock. This, combined with dollar weakness, prompted the shares to fall 25 to 1183p on turnover of 1.7m.

The chemicals group gave an encouraging report to analysts on its research and development progress. The company's beta-blocker drug Tenormin was said to be performing very well and there were strong reports on its anti-asthma drug *Leukotriene*.

BT 'new' sold

Activity in BT "new" [redacted] was much [redacted] from Monday's debut level when [redacted] shares were traded. Yesterday, turnover reached 64m. Dealers said the "new" shares were under [redacted] selling pressure from [redacted] outset of tradi[redacted] with the Seaq ticker revealing trades carried out as low as 122¾p. The [redacted] middle-price quotation yesterday was 124p.

There were suggestions that the government's "stabilisation" process had been implemented yesterday. It was thought that S.G. Warburg Securities, the global co-ordinator [redacted] the [redacted] BT "new", had been supporting BT "new" shares at 124p. BT [redacted] stock, meanwhile, [redacted] under [redacted] downward pressure, closing 3 easier at 327p on disappointing turnover of 6.4m.

Royal falls

Royal [redacted] fell sharply after news [redacted] proposed links with Aachener und Munchener, of Germany, and Fondiaria, of Italy, will not [redacted] cross-shareholdings between [redacted] companies. Royal [redacted] dropped 14 to 252p on turnover of 2.6m.

Specialists said Royal shares came under pressure because of the lower than expected price the company received for the sale of its 18.8 per cent [redacted] in Aachener and [redacted] absence of the expected capital injection into Royal. "The risk remains [redacted] Royal [redacted] still need [redacted] capital-raising exercise," said one analyst.

Sun Alliance held at 288p, with [redacted] late trade of 5.2m shares at 277p thought to have represented a tax-related "bed and [redacted]" deal. Turnover in the stock leapt to 10.2m shares.

Building bid

Steetley shares rocketed to 347p before coming off the top to close a net 62 ahead at 336p after the £600m-plus share exchange offer from Redland. The latter ended 29 weaker at 424p, after 422p.

The bid is the culmination of many weeks of intense specula*tion over Steetley. Redland was* originally the market's favourite to launch a takeover for Steetley, whose shares moved up from the mid-250p level to 330p-plus [redacted] month. Two weeks ago, however, Steetley and Tarmac announced a joint venture [redacted] building [redacted] businesses.

Analysts said the offer from *Redland could* [redacted] be the opening shots in a hotly contested series of bids. A counter from the Continent has been mooted.

Disappointment [redacted] Monday's research and development meeting dogged Glaxo, which ended 19 cheaper at 802p on turnover of 2m. Following its meeting in London the pharmaceuticals group is to speak to analysts in New York today, Chicago tomorrow and San Francisco on Friday.

An analyst said US investors were "holding fire" ahead of the meetings, and the lack of buying in the States [redacted] affecting the share price.

A [redacted] depressed Reuters shares, which weakened 26 [redacted] on turnover of 926,000.

Annual results from Com[redacted] were well received, even though they reflected the degree [redacted] trading had [redacted] off in the second half of the financial year. Profits rose by 8 per cent to £32m, with the dividend increased from 6.9p to 7.55p. The [redacted] 7 ahead at [redacted].

Stakis put on a penny to [redacted] the [redacted] chain of public houses to Allied Breweries. This was good news for Stakis, which has been unsettled lately by stakebuilding from France and a rumour of [redacted] looming large tax bill.

Optimism about its restructuring plan helped Brent Walker to improve 3 to 17p.

More bad news for Ladbroke left the stock 12 lower at 217p. After meetings with Ladbroke executives, securities house Hoare Govett cut its profits forecast for the hotel and leisure group [redacted] year by £25m to £270m. Hoare said it expects £30m of this [redacted] from disposals. Worries over the group's exposure to the [redacted] turndown on [redacted] sides [redacted] the [redacted] also continued to depress the shares.

Granada Group, whose final [redacted] are expected today, managed [redacted] stem its recent underperformance and slipped just 2 to 169p. The market is expecting profits in the region of £60m and earnings per share of around 8p.

Full-year results from Vaux, the [redacted] hotels and nursing homes operator, were, at £34.8m, down on the previous year by £4.5m, but observers were pleased with the openness of the results and the shares rose 5 to 200p.

Analyst Mr Graeme Eadie of County NatWest said: "It is the first hotel group to present a set of results without any capitalised [redacted] and [redacted] extraordinary items above the line. He raised his full-year estimate by £1.3m to £35.5m to take account of £7m extraordinary profits [redacted] the sale [redacted] off-licences.

Invergordon Distillers was squeezed up 4 to 273p as buyers arbitraged on expectation of a [redacted] bid from Whyte & Mackay, the UK drinks subsidiary of US tobacco group American [redacted], at 300p [redacted] next year.

Television and video group Carlton Communications was [redacted] a positive trading statement but drifted back in late trading to close [redacted] net 13 up at 458p. The company reported a 30 per cent fall in full-year profits to [redacted] added: "Carlton is financially strong [redacted] substantial cash resources and no [redacted] debt."

The [redacted] price [redacted]wick slumped by more than half after the public relations [redacted] forecast a £1m loss [redacted] the 15 [redacted] to October 31, against analysts' [redacted] of a profit between £20m and £25m. The shares plunged 72½ to 52½p.

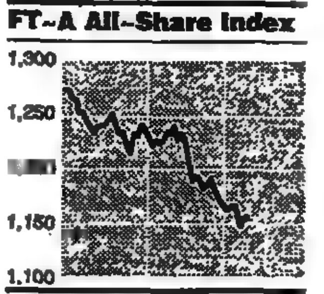
The group [redacted] involving 50 clients and an aggregate income of £60m [redacted] been delayed or lost [redacted] to the world recession [redacted] reported interim results in March. [redacted] added that margins had been eroded by inflation-[redacted].

[redacted] Land satisfied the market, the 10 per cent rise [redacted] dividend being particularly well received. Profits were in line with expectations at [redacted] (£10.1m previously). "The company's decision to index-link a large chunk of its [redacted] declining rental market was very foresighted," said Mr Ray Jones at Paribas, the french investment bank. He expects a full-year forecast [redacted]. The shares fell [redacted] to 276p.

MARKET REPORTERS:
Peter John, Joel [redacted]
Christopher Price,
Steve Thompson.

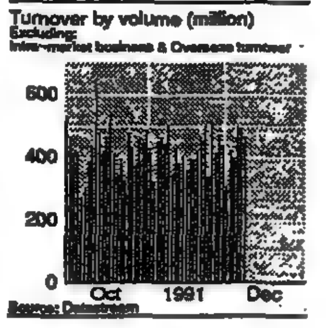
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 22.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

FINANCIAL TIMES STOCK INDICES

	Dec 10	Dec 9	Dec 6	Dec 5	Dec 4	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.81	86.85	86.70	[redacted]	[redacted]	83.27	[redacted] (18/9)	82.17 (2/1)	127.4 [redacted]	[redacted]
Fixed Interest	96.76	96.67	96.70†	96.34	96.03	90.56	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	[redacted]	[redacted]	1802.8	1822.4	[redacted]	1706.0	[redacted]	[redacted] (16/1)	2108.3 [redacted]	[redacted]
Gold Mines	[redacted]	[redacted]	[redacted]	[redacted]	168.1	149.1	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 [redacted]	[redacted]	2409.6	[redacted]	[redacted]	[redacted]	[redacted]	[illegible] (2/9)	[illegible] (16/1)	[illegible] (2/9/91)	[illegible] (23/7/84)
FT-SE Eurotrack 200	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-	[redacted] (3/9)	[redacted] (16/1)	[redacted] (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	5.06	5.03	5.09	5.06	[redacted]	[redacted]				
●Earning Yld %(full)	7.59	7.53	7.61	7.57	7.45	11.76				
●P/E Ratio(Net)(☆)	16.58	16.70	16.51	16.59	16.87	10.27				
SEAQ Bargns 4.45pm	22,235	25,952	27,116	24,252	[redacted]	[redacted]				
Equity Turnover(£m)†	-	814.72	881.43	937.84	926.62	[redacted]				
Equity Bargains†	-	26,789	27,614	22,158	22,113	[redacted]				
Shares Traded (ml)†	-	472.7	499.0	501.6	403.6	560.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928 Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.55. †Correction

Ordinary Share Index, Hou[redacted] Day's High [redacted] Day's Low 1818.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1832.3	1837.8	1825.2	1829.2	1828.9	1827.2	1827.1	1827.5	1819.5

FT-SE 100, Hourly changes Day's High 2414.3 Day's Low 2390.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2408.3	2414.3	2398.9	2404.8	2403.4	2404.1	2404.0	2404.4	2392.2

FT-SE Eurotrack 200, Hourly changes Day's High [redacted] Day's [redacted]

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1086.41	1084.68	1085.62	1085.48	1086.46	1086.20	1086.04

GILT EDGED ACTIVITY

[redacted]	[redacted]	Dec 6
Gilt Edged Bargains	[redacted]	[redacted]
5-Day average	73.5	76.9

*SE Activity [redacted]
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

[redacted] the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or [redacted] rounded down.

EQUITY FUTURES AND OPTIONS TRADING

FOOTSIE [redacted]tures retreated from Monday's strong advance as traders once again focused on the poor economic outlook, writes Joel Kibazo.

Sellers of the December con[redacted] early in the [redacted] and [redacted] 10 points down at 2,412 within *the first hour of trading*.

December continued down[redacted] for [redacted] rest of [redacted] day, pulling the underlying cash market lower. Dealers said the clutch of company results simply served to confirm that the UK was still in the middle [redacted] recession.

By the close, December stood at 2,395, down 27 on the previous session and around [redacted] fair value [redacted] cash, the premium which *allows for dividend flow and* financing costs on th[redacted] underlying Footsie [redacted].

In the LTOM, turnover [redacted] 22,149 [redacted] Monday's meagre figure but still below the 30,000 break-even level.

Asda, generally one of the [redacted] option series because of its relatively [redacted] price, [redacted] the day's most active counter, with [redacted] day's total [redacted] 1,943 lots traded. The January [redacted] puts had 1,000 lots t[redacted].

This was followed by Forte on 1,672 [redacted] dealt, [redacted] March 220 [redacted] particularly busy. ICI, [redacted] and Amstrad were also busy.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (17). [redacted] Conv. 9pc 2011 & Tr. [redacted] BUILDING MATERIALS [redacted] SERVICES (2) RCO, [redacted] (1) Sage [redacted] HEALTH & HOUSEHOLD (1) Unilever, [redacted] Amersham [redacted] INVESTMENT TRUSTS (2) Murray [redacted] & GAS (1) [redacted] PACKAGING, PAPER & PRINTING (1) [redacted] (1) British [redacted] NEW LOWS (74). BRITISH FUNDS (1) Exch. 13¼pc 1992, AMERICANS [redacted] Ford Motor, [redacted] Pennzoil, [redacted] Verity, [redacted] Pondra, BUSINESS SERVICES (1) [redacted] CHEMICALS (1) Sutcliffe [redacted] CONGLOMERATES (2) [redacted] CONTRACTING & [redacted] (4) Birse, Kajima, Wescol, Westminster [redacted], ELECTRICALS (4) Ericsson (LM), NEC, Sony, Toshiba, ELECTRONICS (3) P & P, Vtech, ENGINEERING GENERAL (2) GEI Intl., Willaire, FOOD MANUFACTURING (1) Grand Central, FOOD RETAILING (1) Low (Wm.), [redacted] INSURANCE LIFE (1) Legal & General, INVESTMENT TRUSTS (6) Abtrust New European, Drayton Blue Chip, Drayton [redacted] JF [redacted] Fd., JF [redacted] Philippine [redacted] Fd., OTHER INDUSTRIAL MATERIALS (3) Headway, Whitecroft, PROPERTY (2) Hammerson A, [redacted], TRANSPORT (1) Eurotunnel Units, [redacted] (3) Cons. Murchison, Renison, Western & Pac. Res.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Index - Linked							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

APPOINTMENTS

Davies retains contacts and switches loyalties in Hong Kong

David Davies, the UK company doctor who first made his name turning round Hongkong Land in the mid-1980s, has resurfaced in the colony as a *non-executive director of* The [redacted] (Holdings), the main public [redacted] in [redacted] business empire of the late Sir Y K Pao.

The 51-year-old Davies, cur[redacted]tly chairman [redacted] Johnson Matthey and Sketchley, says that he is joining because he is an old friend of Wharf chairman Peter Woo – they both started as *Chase Manhattan* [redacted] – and he is keen to maintain his close ties with Hong Kong.

Although based in London, he has [redacted] house and an office in Hong Kong and probably spends more than 25 per cent of his time in Hong Kong.

Although it is unusual for a businessman to switch his loyalties in a closely-knit community like Hong Kong – Hongkong Land is the blue-chip property arm of the rival Jardine Matheson empire – Davies stresses that he severed *his ties with Jardine five years* ago.

Since then [redacted] Hill [redacted] and collected a group of non-executive directorshi[redacted] of international companies including American Barrick.

[redacted] is [redacted] his good connections in the property [redacted] his appointment to the Wharf board – 75 per [redacted] profits come from [redacted] – is a [redacted] sign that chairman Peter Woo is intent on shaking off the [redacted] of his father-in-law, Sir Y K Pao.

From public to private

MILLER Group, the privately-owned construction company, has recruited David Cawthra. Until September, Cawthra was chief executive of Balfour Beatty, the construction subsidiary of BICC.

Cawthra will take over the Edinburgh-based company as chief [redacted] from James *Miller* [redacted] *has been chairman* and chief executive since 1970. Miller will continue as chairman.

Cawthra says he left Balfour [redacted] *and a half* years as [redacted] he [redacted] "a change of [redacted] path". [redacted] was attracted [redacted] Miller, whose turnover [redacted] *compares with Balfour Beatty's £1.8bn*, because it was a business in which "you can be a bit closer to people and what they are doing".

"The big opportunities in construction are in up and coming companies which seem to have been hit less hard by recession than have the large ones," Cawthra says. Bob Rankin, Cawthra's predecessor at the top of Balfour Beatty, also left to go to a smaller, Scottish construction company, Lilley.

Cawthra says he wants to make Miller bigger "both in size and in its worth to the shareholders", who consist principally of the Miller family. Moving into a family company is, he admits, a "bold step".

■ David Newton is appointed to the new position [redacted] *operating officer of Hillsdown* Holdings, responsible for the group's food activities which account for over 80 per cent of turnover and operating profit. He is currently president of Maple Leaf Foods and will continue to be so when he returns to London.

■ CREDIT AGRICOLE Personal Finance, the London mortgage lending arm of the large French bank, has appointed a new managing director from February 1. Michel Maurau, 45, is currently regional director at the Caisse Régionale d'Ile de France, the largest regional bank in the Crédit Agricole group, where he was in charge of 50 branches.

■ Graham Corbett, Eurotunnel's md for finance and administration, has been appointed to its joint Anglo-French Board. He joined Eurotunnel in 1987 from Peat Marwick where he was senior partner in the Paris office.

■ TATE & LYLE has appointed *Edwin Makin president of* Domino Sugar on the retirement of Jack Lay. Robert Satola succeeds Makin as president of Redpath Sugars *in Canada*.

■ LABATT BREWING UK has promoted John Eckmire to md in place of Bob Kemble who is returning to Canada.

■ Michael Wilson has been promoted to md of CYANAMID from deputy md since October when he returned to the UK from Korea.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991 high	1991 low	Mkt Cap £m	Yld Gr's
Abbott Labs		33¼xd	—	34⅝	20⅞	14,182	1.7
♥Allegheny & W.		258p	−12	385p	218p	193.0	6.6
Amdahl		700pxd	−46	10⅛	667p	776.6	0.8
Amer Cyanamid		31½	+⅜	42½	25⅝	2,947	2.7
Amer Express		10¼xd	−[illegible]	[illegible]	9[illegible]	4,816	5.5
Amer T & T		20[illegible]xd	−[illegible]	[illegible]	15[illegible]	26,095	3.6
Ameritech		34½	—	[illegible]	32½	15,105	5.5
BankAmerica		17½xd	−[illegible]	[illegible]	12[illegible]	3,884	3.9
Bankers NY		34[illegible]xd	+[illegible]	[illegible]	20[illegible]	2,802	6.0
Bell Atlantic		25⅜xd	+½	[illegible]	24¼	9,979	5.6
BellSouth		28¼	+½	31¼	25	12,732	5.9
♥Bethlehem Steel		8¾xd	—	11¼	6[illegible]	514.1	3.3
Bowater		1061p	−17	1839p	1046p	381.1	6.4
CPC		47⅝xd	+[illegible]	54[illegible]	37[illegible]	3,599	2.4
California Engy		816p	−9	998p	420p	148.6	—
Campbell Soup		42¼xd	−1[illegible]	60	28¼	5,365	1.9
Chase Manhattan		8⅞	+[illegible]	12¾	5[illegible]	1,127	8.2
Chrysler		6¼xd	−¼	9[illegible]	5½	1,791	5.4
Citicorp		6½xd	−⅛	18[illegible]	5½	1,889	—
Colgate-Palm		28[illegible]xd	+[illegible]	28⅝	21[illegible]	3,437	2.5
Com'l Bank		486p	+19	928p	438p	490.1	6.9
Dana		14[illegible]xd	−[illegible]	21⅝	13[illegible]	578.6	6.4
Data General		825p	+4	1282p	203p	227.7	—
Dial		22xd	−⅞	25⅝	12⅞	889.0	3.6
Dun & Brad		27⅛	+⅜	29⅝	20¾	4,954	4.4
Eaton		31¾		40	24¼	1,881	3.9
Echlin		6[illegible]xd	−[illegible]	8½	5½	331.6	6.6
FPL		19¼xd	—	28⅛	14[illegible]	3,363	7.0
Fluor		20¼xd	+¾	30[illegible]	17[illegible]	1,639	0.9
Ford Motor		13xd	−¼	23¼	13	6,154	4.3
Gen Elect		35[illegible]xd	+⅜	46[illegible]	28[illegible]	30,925	3.2
♥General Host		422p	+6	586p	270p	—	4.8

BUILDING MATERIALS - Cont.

CONTRACTING & CONSTRUCTION - Cont.

ENGINEERING - GENERAL - Cont.

HEALTH & HOUSEHOLD - Cont.

INVESTMENT TRUSTS - Cont.

HOTELS & LEISURE

BUSINESS SERVICES

ELECTRICALS

CANADIANS

INSURANCE BROKERS

ELECTRICITY

CHEMICALS

FOOD MANUFACTURING

BANKS

INSURANCE COMPOSITE

ELECTRONICS

INSURANCE LIFE

CONGLOMERATES

INVESTMENT TRUSTS

BREWERS & DISTILLERS

FOOD RETAILING

CONTRACTING & CONSTRUCTION

BUILDING MATERIALS

HEALTH & HOUSEHOLD

ENGINEERING AEROSPACE

ENGINEERING GENERAL

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1991 High	1991 low	Yld Gr's	NAV	Dis or Pm(-)
Sphere Inc.	19	—	23	19	27.2	21.6	14.9
Zero Div Pf.	65	—	68½	58¾	—	—	—
Warrants	3	—	9½	2¾	—	—	—
Straza	145	—	154	104	1.2	174.8	17.1
Stratton	146	—	168	120	1.7	176.3	17.0
TR City of Lon.	109½	-1	121¾	90	5.6	107.4	-1.9
TR Euro Growth s	89	-1	104	78	1.5	93.3	4.6
Ptg Sub. s	54	—	66	40	2.6	—	—
TR Far East Inc.	78	-2	84	58	7.4	90.3	13.7
Warrants	16	—	23	12	—	—	—
TR High Inc. H	103	—	115	85	7.8	93.7	-9.9
Sub. g	34	—	35	24	5.9	—	—
TR Pacific	64	-6	92	49	0.5	79.0	18.8
TR Prop.	26½xd	-½	37	26½	7.8	35.4	25.1
TR Smaller	136	-1	155	98	3.8	144.2	5.7
TR Technology s	36	—	58	20	8.5	86.4	58.3
Stepped Pf.	89½	—	94½	70½	8.2	—	—
Zero Pf.	153½	—	166½	117½	—	—	—
Temple Bar †	249	-1	278	210	8.4	271.0	7.8
9pc 2002	£118½	+2	£118½	£102½	5.3	—	—
Temple Bar Mids. ss	165	—	178	92	8.6	162.6	-1.5
Warrants	59	—	69	27	—	—	—
1pc Cv 2001	£182½	—	£167½	£90½	8.6	—	—
Thornton Asian	58	—	72	55	1.1	68.2	15.0
Warrants	10	-1	18	9	—	—	—
Thornton Pan Euro.	27	—	31	25	4.3	30.3	10.9

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MISCELLANEOUS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

■ Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

For Geoffrey Morley see Commercial Union

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 953

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	5	66.24	66.40	70.87	+0.11	4.64
Acumen Reserve	3	66.58	66.58	68.57	+0.11	9.64
American Income	5	121.55	121.60	128.80	-0.60	3.68
Equity Income	5	74.46	74.46xd	79.46	+0.36	6.36
European	5	49.87	49.87	53.22	-0.48	1.55
Far Eastern	5	101.95	102.00	108.80	-1.20	0.91
Smaller Cos	5	45.25	45.25xd	48.29	+0.10	3.42
Olympiad	5¼	43.79	43.79	46.73	-0.27	1.02
Olympiad Income	5¼	40.91	40.91xd	43.66	-0.17	6.27
UK Growth	5	70.54	71.22	76.01	+0.24	2.06

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Chartered Equitor (1200)F

Standard Life Tst Mgmt Ltd (0623)H

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Stockbrokers Unit Tst Mgrs Ltd (1200)F

Sun Alliance Unit Tst Mgmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Swiss Life Unit Trust Managers

TSB Unit Trusts (1200)H

Target Trust Mngrs Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Trades Union Unit Tst Mngrs (1200)H

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Investment (1000)F

CAFINVEST–Charities Aid Foundation

COIF–Charities Official Inv Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities' Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Societe Generale Tyndall UT Mngt

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

Abbey Life Assurance Co Ltd

Aetna Life Assurance

AEGON Life Assurance Co (UK) Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Gresham Unit Assurance Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Legal & General – Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assurance Ltd

NEL Pensions Ltd

NM Life Assurance

Continued on next page

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N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pension Ltd

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Skandia Life Assurance Co Ltd—Contd.

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Target Life Assurance Co Ltd—Contd.

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

Albion Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equitable Life (International)

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finsco International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

PanEuroLife

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

C F S Financial Mngmt

Capital Trust Financial Management

Chase de Vere PLC

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Financial Services Ltd

Hambledon Financial Services(Pty) Ltd

IPS Capital Management PLC

Independent Financial Group PLC

Johnson Fry Asset Managers Plc

Knight Williams & Company Ltd

Macartney & Dowie Invest Mngt Plc

Northam Blair & Partners

Portfolio Fund Management Ltd

Pendleton May Financial Services Ltd

Rowan Financial Management Ltd

Sharp (Albert E) & Co

Sitkin Fund Managers Limited

South Yorks Financial Planning

Tattersall Investment Mngt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fund Mngt (Guernsey) Ltd

BWD-Hambros Asset Mngt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

N & G (Guernsey) Ltd

Prolific International Mngmt Ltd

Rothschild Asset Management (CI) Ltd

Save & Prosper Canada Funds

Barclays Funds Management (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)

Adams & Neville Fund Mngt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bankers Global Investment Fund Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

Finsbury Management (Guernsey) Ltd

Fleet-Cavendish Fund Mngrs (Guernsey) Ltd

John Govett Mngmt International Ltd

Hambros Fund Managers (CI) Ltd

Havelet Throgmorton Mngmt Ltd

Henderson Admin. (Guernsey)

Holborn Fund Management (Guernsey) Ltd

Kleinwort Benson

Merrill Lynch Guernsey

Midas Capital Mgmt (Guernsey) Ltd

Royal International (Guernsey) Ltd

Standard Fund Mngrs Ltd

U.S. Treasury Securities Fund Ltd

Rudolf Wolff Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (a)

Hibernian Prolific International Mngmt Ltd

NCI Global Asset Mngmt Co Ltd "MI Trusts"

Swiss Life Investment Fund

IRELAND (REGULATED)

Bank of Ireland Unit Managers Ltd

*Offer price includes all expenses except agent's commission

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Soviet rumour aids dollar

THE [illegible] centre ground in the [illegible] yesterday as conflicting [illegible] rumours and [illegible] Bundesbank would [illegible] next week buffeted the currency.

Driving [illegible] were [illegible] that Mr Mikhail Gorbachev, [illegible] Soviet president, might resign – a move [illegible] would be [illegible] to attract funds into [illegible] in a repeat of [illegible] flows during the failed Soviet [illegible] August.

The dollar [illegible] in Europe in a [illegible] range before closing slightly higher [illegible] DM1.5765, after a previous [illegible].

The D-Mark was weaker against [illegible] US unit, [illegible] the grounds [illegible] upheaval [illegible] Union is quick [illegible] affect Germany for clear geographical reasons.

The D-Mark also weakened in Europe, and lost three-quarters of a pfennig to sterling.

The pound closed in London at [illegible] previous DM2.8425. But no rumours, however, [illegible] strong enough [illegible] lift sterling from its position at [illegible] bottom [illegible] the [illegible] grid within the European exchange [illegible] mechanism.

Trading [illegible] European currencies was subdued [illegible] market participants [illegible] the out[illegible] Maastricht summit on monetary, economic and political union. After [illegible] final signatures on [illegible] treaty are written today, it will [illegible] clearer whether the UK will [illegible] isolated as the only full ERM partner [illegible] not commit[illegible] lock exchange [illegible] by 1999.

Uncertainty still present in the markets meant sterling made little headway against the weaker D-Mark.

But traders reported that should UK be [illegible] an opt-out on the [illegible] to European economic and monetary union (Emu), this would have little or no [illegible] the pound. [illegible] summit [illegible] over, traders expect the D-Mark [illegible] from the drive to Emu and possible rate rises at the Bundesbank fortnightly council meeting next week.

Sterling could [illegible] under [illegible] if the summit fails completely. Mr John Major, the prime minister, would run into [illegible] from [illegible] various [illegible] in the Conservative party.

During the day, some worse-than-expected core inflation news from the UK government failed to deflect attention from Maastricht [illegible] Soviet rumours.

According to the Central Statistical Office, [illegible] price of [illegible] products [illegible] factory [illegible] by 0.4 per cent [illegible] October and November and was 5.1 [illegible] higher [illegible] month [illegible] in [illegible] 1990. In [illegible] the year-on-year price increase was 5.2 per cent.

[illegible] major [illegible] for sterling [illegible] likely to [illegible] Friday with the publication of the [illegible] prices [illegible] ber. Yesterday's downbeat news on producer prices has increased expectations that the annual rate of retail price inflation last month will show an upward movement from October's 3.7 per cent level.

£ IN NEW YORK

Dec 10	Latest	Previous Close
£ Spot	1.8090 - 1.8100	1.8105 - 1.8115
1 month	0.93 - 0.91pm	0.93 - 0.92pm
3 months	2.71 - 2.68pm	2.67 - 2.65pm
12 months	10.05 - 9.95pm	9.80 - 9.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

	£	$
Malaysia	4.9490 - 4.9570	2.7400 - 2.7420
Mexico	5485.30 - 5492.00	3040.00 - 3042.00
N.Zealand	3.2425 - 3.2460	1.7955 - 1.7975
Saudi Ar	6.7590 - 6.8360	3.7495 - 3.7505
Singapore	2.9765 - 2.9835	1.6490 - 1.6510
S.Af (Cm)	4.9815 - 4.9930	2.7670 - 2.7700
S.Af (Fn)	5.6085 - 5.6970	3.1055 - 3.1545
Taiwan	46.40 - 46.50	25.70 - 25.75
U.A.E.	6.6195 - 6.6970	3.6715 - 3.6735

*Official rate. Floating rate £-2568.0 $-1420.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.342	-2.46	5.14	42
Belgian Franc	42.4032	41.9603	-1.04	3.63	42
Dutch Guilder	2.31643	2.29376	-0.98	3.56	40
D-Mark	2.05586	2.03587	-0.97	3.55	51
Irish Punt	0.767417	0.764450	-0.39	2.95	10
Italian Lira	1538.24	1539.98	0.11	2.43	-14
French Franc	6.89509	6.95669	0.89	1.64	-50
Danish Krone	7.84195	7.92071	1.00	1.53	-34
Sterling	0.696904	0.714657	2.55	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7995 - 1.8165	1.8075 - 1.8085	0.92-0.90cpm	6.04	2.71-2.68pm	5.96
Canada	2.0480 - 2.0640	2.0525 - 2.0535	0.64-0.55cpm	3.48	1.94-1.69pm	3.44
Netherlands	3.1960 - 3.2185	3.2050 - 3.2150	[illegible]cpm	0.70	[illegible]pm	0.78
Belgium	58.35 - 58.90	58.80 - 58.90	7-2cpm	0.92	18-12pm	1.02
Denmark	11.0385 - 11.1160	11.0925 - 11.1075	[illegible]orepm	1.08	3-2[illegible]pm	0.92
Ireland	1.0685 - 1.0705	1.0695 - 1.0705	0.01-0.05pdis	-0.34	0.02pm-0.08dis	-0.11
Germany	2.8375 - 2.8550	2.8475 - 2.8525	[illegible]pfpm	1.05	[illegible]pm	0.96
Portugal	251.50 - 253.20	251.50 - 252.50	35-73cdis	-2.57	79-154dis	-1.85
Spain	181.75 - 182.90	182.00 - 182.30	29-36cdis	-2.14	87-98dis	-2.03
Italy	2147.60 - 2162.55	2156.50 - 2157.50	3-5lirediš	-2.23	9-11dis	-1.85
Norway	11.1855 - 11.2585	11.2450 - 11.2550	[illegible]oredis	-0.47	[illegible]-1dis	-0.22
France	9.7010 - 9.7600	9.7350 - 9.7450	[illegible]cpm	0.46	[illegible]dis	-0.39
Sweden	10.4015 - 10.4665	10.4350 - 10.4450	[illegible]oredis	-0.50	[illegible]dis	-0.26
Japan	231.90 - 233.00	232.00 - 233.00	1-[illegible]ypm	4.52	2[illegible]-2[illegible]pm	4.41
Austria	19.96 - 20.11	20.05 - 20.08	2[illegible]-1[illegible]gropm	1.01	6[illegible]-3[illegible]pm	1.00
Switzerland	2.5045 - 2.5275	2.5175 - 2.5275	[illegible]cpm	2.68	1[illegible]pm	1.99
Ecu	[illegible] - [illegible]	[illegible] - [illegible]	[illegible]cpm-0.04cdis	-0.13	par-0.04dis	-0.09

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.35-5.30cpm. 12 Month 10.06-9.96cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7995 - 1.8165	1.8075 - 1.8085	0.92-0.90cpm	6.04	2.71-2.68pm	5.96
Ireland†	1.6810 - 1.7025	1.6915 - 1.6925	0.83-0.78cpm	5.71	2.52-2.42pm	5.84
Canada	1.1345 - 1.1370	1.1355 - 1.1365	0.23-0.26cdis	-2.59	0.70-0.76dis	-2.57
Netherlands	1.7605 - 1.7865	1.7755 - 1.7765	0.77-0.81cdis	-5.34	2.28-2.32dis	-5.18
Belgium	32.20 - 32.70	32.50 - 32.60	12.00-15.00cdis	-4.98	39.00-43.00dis	-5.04
Denmark	6.0810 - 6.1610	6.1350 - 6.1400	2.30-2.70oredis	-4.89	7.40-8.10dis	-5.05
Germany	1.5615 - 1.5860	1.5760 - 1.5770	0.65-0.66pfdis	-4.99	1.97-1.99dis	-5.02
Portugal	139.50 - 140.00	139.85 - 139.95	88-95cdis	-7.85	255-270dis	-7.51
Spain	100.10 - 10[illegible]	100.95 - 101.05	67-71cdis	-8.20	199-205dis	-8.00
Italy	1182.00 - 11[illegible]	1192.75 - 1193.25	7.70-8.20liredis	-8.00	22.80-23.30dis	-7.64
Norway	6.1600 - [illegible]	6.2200 - 6.2250	3.00-3.50oredis	-6.27	9.20-9.90dis	-6.14
France	5.3385 - [illegible]	5.3850 - 5.3900	2.46-2.51cdis	-5.54	7.38-7.48dis	-5.52
Sweden	5.7265 - [illegible]	5.7725 - 5.7775	5.70-5.90oredis	-12.05	14.15-14.45dis	-9.90
Japan	128.05 - [illegible]	128.60 - 128.70	0.16-0.17ydis	-1.54	0.50-0.51dis	-1.57
Austria	11.0050 - [illegible]	11.1100 - 11.1150	4.30-4.75grodis	-4.89	13.20-14.50dis	-4.99
Switzerland	1.3795 - [illegible]	1.3940 - 1.3950	0.39-0.42cdis	-3.49	1.22-1.26dis	-3.56
Ecu	1.2825 - 1.3000	1.2865 - 1.2875	0.68-0.65cdis	-6.20	1.95-1.91pm	6.05

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 10	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	12 - 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 5¼-5⅛ per cent; three years 5¾-5⅝ per cent; four years 6¼-6⅛ per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

[illegible] 1.7548 1.7079

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Bank PLC	10.5	Mount Banking	10.5
• Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	• Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptrs	11	• Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	• Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	• Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	• United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
• Brown Shipley	10.5	• Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	• Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

• Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Maastricht calm

The Maastricht summit's negotiations [illegible] and political union dominated a quiet but [illegible] day on the European money [illegible] yesterday.

[illegible] attention paid [illegible] Bundesbank's [illegible] 28-day [illegible] repurchase funds at variable bid [illegible]. Had this happened [illegible] Tuesday next week, it would have [illegible] signal [illegible] central bank was minded [illegible] raise [illegible] council meeting.

In the UK, [illegible] closely-[illegible] three-month interbank [illegible] moved up [illegible] higher end of the 10[illegible] range, from a previous 10[illegible], as traders imagined the Bank of England having [illegible] shore [illegible] pound should [illegible] UK [illegible] reluctant [illegible] commit [illegible] the [illegible] summit today. [illegible] news [illegible] Mr John Major was willing [illegible] an opt-out clause for [illegible] UK alone could have more repercussions today.

Sterling trading [illegible] cautious [illegible] the EC communiqué, which [illegible] expected to give some guidance on the future role of the UK in the run-up to a single currency in 1999.

Core inflation news also gave the markets grounds for caution and little hope for an early cut in interest rates. The year-on-year rate of rise in output prices was 5.1 per cent in November, after 5.2 per cent in October and 5.6 per cent in September. As Friday's inflation figures [illegible] expected [illegible] upwards for technical [illegible] inflation [illegible] this [illegible] are likely [illegible] be the worst-looking [illegible] some months.

The Bank alleviated around £880m [illegible] £1bn shortage in the market, offering assistance throughout the day. Early [illegible] it bought £377m bills at 10[illegible] per cent, which it is to sell back to the market on December 30. There was also round [illegible].

In Strasbourg, Mr [illegible] Corrigan, [illegible] York [illegible] Bank said that high global demand for scarce savings was likely to keep [illegible] relatively high for the foreseeable future. But the [illegible] funds [illegible] traded at 4[illegible] per cent, slightly below the [illegible] 4½ per cent target. [illegible] showed the [illegible] added enough reserves through [illegible] three-day system [illegible] repurchase agreements. [illegible] rate cut hint came from Mr George Bush, the US president, who said he was dissatisfied with the US economy.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. [illegible]) 3 months US dollars		6 months US Dollars	
bid 4[illegible]	offer 4[illegible]	bid 4[illegible]	offer 4[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	7½	One month	4.01	Three year	5.39
Broker loan rate	6¾	Two month	4.55	Four year	5.51
Fed.funds	4¾	Three month	4.23	Five year	6.18
Fed.funds at intervention	-	Six month	4.28	Seven year	6.67
		One year	4.37	10-year	7.16
		Two year	4.99	30-year	7.78

Dec.10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.05-9.15	9.30-9.50	9.30-9.50	9.30-9.50	9.30-9.50	9.25
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.25
Zurich	[illegible]	[illegible]	-	[illegible]	-	-
Amsterdam	9.35-9.50	9.53-9.63	-	9.50-9.60	-	-
Tokyo	[illegible]	[illegible]	-	[illegible]	-	-
Milan	[illegible]	[illegible]	-	[illegible]	-	-
Brussels	9.19-9.31	[illegible]	-	[illegible]	-	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

Dec 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	10½	10½	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	10½	10½	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10½	[illegible]	-	-	-	-
Company Deposits	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Bank Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.85	4.50	4.40	4.50
SDR Linked Dep. Offer	-	-	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 10[illegible] per cent; three months 10[illegible] per cent; six months 9[illegible] per cent; Bank Bills (sell): one-month 10[illegible] per cent; three months 10[illegible] per cent; Treasury Bills; Average tender rate of discount 10.0850 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme E 11.74 p.c. Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,721 Set by CINEPHILE

ACROSS

1 Way not to walk on a long walk? (6)
4 Spa [illegible] don't let baby through! (4,4)
10 Award not left to fight [illegible] zoologist (7)
11 [illegible] ceremonially [illegible] (7)
12, 3, 26 Don't accept single-storey accommodation? (4,4,4)
13 It may feel right briefly to form genealogy (6,4)
15, 16 Traditional British policy has a bad name: before time, let in money (6,7)
20 Enclosed about like a countryman (7)
21 [illegible] Partly, and follow your leaders (6)
24 Plot by voters against infringement of copyright (10)
26 See 10
28 Manipulation of sails etc? (7)
29 Came in a storm looking pale (7)
30 Rightfully ranked? (8)
31 Forty days with one left to take pulse? (6)

DOWN

1 Former battle about the break (8)
2 London borough makes heart or diamond game (9)
3, 12 County entertainment in recession (6)
5 Sealed package of Tahiti [illegible] (shortly) Greece (8)
6 Favourite subject with infantry, a falcon (5,5)
7 The Queen [illegible] Los Angeles could be beaming (5)
8, 9 Food for poor beggar in red (11)
14 Tree on river in stone from which [illegible] may start (5,5)
17 Seabird's responsibility having eaten endless fruit (9)
18 Plot to make curious (8)
19 Compiler's cat is potentially learner of the occult (8)
22 Unusual wound to the church (6)
23 A bit of a fight? (5)
25, 27 Unpleasant experience, arming the revolution (9)

Solution to Puzzle No.7,720

هكذا من الأجمل

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices December 10

MONTREAL

3:00 pm prices December 10

INDICES

NEW YORK

DOW JONES	Dec 9	Dec 6	Dec 5	Dec 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Industrials	2871.65	2886.40	2889.09	2911.67	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.82	97.85	97.72	97.63	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1184.42	1198.62	1223.85	1219.36	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.77	221.14	218.77	219.70	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

Day's High 2913.46 (2924.87) Low 2856.22 (2854.65)

STANDARD AND POOR'S	Dec 9	Dec 6	Dec 5	Dec 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	378.26	379.10	377.39	380.07	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	445.36	446.75	444.90	447.83	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.15	30.02	29.90	30.30	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	209.21	209.74	208.96	210.13	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	370.59	372.63	371.80	372.32	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	535.35	536.50	534.03	535.28	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 6	Nov 29	Nov 22	year ago (approx.)
Dow Industrial Div. Yield	3.17	3.15	3.15	3.98

	Dec 4	Nov 27	Nov 20	year ago (approx.)
S & P Industrial div. yield	2.80	2.82	2.80	3.42
S & P Indl. P/E ratio	22.98	22.78	22.79	15.37

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
RJR Nabisco	3,884,500	10¼	- ⅛
IBM	3,873,100	85	- 4
Gen Motors	2,538,800	27⅞	- 1⅜
Br Tel Dep	2,402,400	22⅞	---
Glaxo	2,024,500	29¼	+ ⅛
Gen Electric	1,708,200	64⅞	+ 1
Philip Morris	1,645,900	68⅝	+ ¼
Citicorp	1,629,900	10⅛	- ⅛
Wal-Mart	1,567,700	51½	- ⅜
Limited Inc	1,496,800	27⅜	+ 1

TRADING ACTIVITY

† Volume Millions	Dec 9	Dec 6	Dec 5
New York SE	174.700	198.170	166.501
Amex	13.523	16.826	21.702
NASDAQ	155.387	171.831	170.632
NYSE			
Issues Traded	2,163	2,164	2,175
Rises	696	853	604
Falls	946	769	1,030
Unchanged	521	542	541
New Highs	66	71	50
New Lows	77	72	62

CANADA

TORONTO	Dec 9	Dec 6	Dec 5	Dec 4	1991 HIGH	1991 LOW
Metals & Minerals	2750.17	2796.48	2781.30	2805.31	3299.99 (18/7)	2632.06 (9/1)
Composite	3382.89	3426.53	3426.63	3427.47	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1790.44	1817.78	1815.84	1811.57	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

WORLD				
M.S. Capital Intl.(1/1/70) (5)	498.7*	501.7	502.3	500.6

*Saturday December 7: Taiwan Weighted Price: 4501.90; Korea Comp Ex. 619.88.
‡ Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 10 December 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Meiji Milk Prod.	9.4	997	-75	Yasuda Fire	3.5	677	+12
Okamoto	5.6	1,050	-60	Meiji Seika	3.0	900	-20
Toyo Ink	5.5	803	-40	Mitsubishi Elec	2.7	583	+3
Osaka Gas	4.4	603	+10	Chugoku Marine	2.6	1,030	-40
Nippon Steel	4.2	370	+2	Mitsubishi Heavy	1.9	674	+1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:00 pm prices December 10

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	4.2	15	164	11⅞	11½	11½	-⅛
22⅞	14½	A L Labs A	0.16	0.7	24	390	22	21	22	+⅞
65¼	40⅞	AMP Inc	1.44	2.7	21	628	53¼	52⅞	52⅞	
68⅝	44¼	AMR			1	12072	59⅛	58⅝	59	+¼
2⅝	1	ARX			1	6	1⅛	d1	1	
58	41½	ASA	3.00	6.0	14	228	50⅜	50⅛	50⅛	-⅜
61⅛	39¾	Abbott Lab	1.00	1.7	24	3382	60¼	59⅞	60	-¼
14⅝	9⅞	Abitibi Pr	0.44	3.3	17	98	13⅜	13¼	13¼	
11⅝	10⅜	ACM Gvt In x	1.26	11.4		243	11⅛	10⅞	11	
9¼	8¾	ACM GvOpp x	1.01	10.5		162	9⅝	9½	9⅝	+⅛
9½	8¼	ACM Gvt Sp x	1.01	11.1		404	9¼	9⅛	9⅛	
11	9⅞	ACM Gvt Se	1.26	11.8		197	10⅝	10½	10⅝	
9	7⅝	ACM Man	1.01	11.5		305	8¾	8⅝	8¾	
12⅞	11½	ACM Managd x	1.35	11.0		167	12⅜	12¼	12¼	
7½	4¾	Acme Cleve	0.40	6.8	13	15	5⅞	5⅞	5⅞	
6	3⅛	Acme Elect			3	2	4⅜	4⅜	4⅜	
40	22¾	Acuson			16	4493	27¼	25½	25⅞	-2⅛
20¼	14¼	Adams Expr	1.53	8.0	0	32	18	17⅞	18	+⅛
20⅛	17½	Adobe12F1	2.40	13.0		35	18⅝	18⅜	18½	+⅛
9¼	5½	Adobe Res			62	121	6¼	6⅛	6¼	+⅛
38⅞	18	Ad Micro				194	38	37½	37¾	-⅜
15¼	4⅜	Ad Micro P	3.00	20.3	7	33256	14⅞	14⅝	14¾	-⅛
5⅛	2¾	Advest Grp	0.16	3.8	6	91	4⅛	4¼	4¼	-⅛
49⅛	31⅞	Aetna Lf x	2.76	7.1	7	696	38¾	38⅝	38⅝	
10⅝	6⅞	Affil A x	0.24	2.9	74	1124	8¾	8⅛	8¼	+⅛
20⅞	12	Ahmanson	0.88	6.0	9	910	14⅞	14⅝	14¾	+⅛
13⅜	2⅞	Aileen Inc			19	133	u19⅜	19	19⅛	-⅛
74⅛	51⅛	Air Pr Chm x	1.56	2.2	15	831	70	69⅞	69¾	+¼

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NYSE COMPOSITE PRICES

Continued from previous page

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1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Price	Ch'ge Close
68	35¼	Xerox x	3.00	4.8	50	2074	65¼	62¾	62⅝	-⅛
51¼	43¼	Xerox4.125 x				5	51	51	51	
25¼	14⅛	Xtra 1.94				52	23⅞	23¼	23⅞	-⅛
29¼	14¼	Xtra Corp	0.72	2.7	13	43	27¼	27	27	-⅛
27⅞	21¼	Yankee Egy x	1.80	6.2	13	38	25⅝	25½	25⅝	+⅛
1⅞	⅛	Zapata			49	623	⅝	d½	⅝	
9⅝	5¼	ZenithElec			2	240	7⅛	7	7	-⅛
18½	12	Zenith Nat x	1.00	6.8	122	12	14¾	14¼	14¾	
6⅝	4½	Zenix Inc	0.84	13.4		37	6⅜	6⅛	6¼	+⅛
15⅞	10¼	Zero Corp	0.40	3.8	13	80	10⅝	10½	10⅝	-⅛
41⅞	29½	Zurn Ind x	0.88	2.8	13	151	32⅜	31⅞	31⅞	-⅛
13½	10¼	Zweig Fund	1.18	9.1		218	12⅞	12⅝	12⅞	
10½	8½	Zweig Tot x	0.86	8.4		258	10¼	10⅛	10¼	+⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked as xd early.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

AMEX COMPOSITE PRICES

3:00 pm prices December 10

NASDAQ NATIONAL MARKET

3:00 pm prices December 10

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		28	2780	27	26¼	25¾	-⅛
XL Data		31	89	10½	10⅛	10⅛	
Xoma Corp		11	2249	19½	19	19¼	+⅛
Yellow Fr	0.94	85	7164	26	25¼	25⅝	
York Rsch		56	1424	7	6½	6¾	
ZionsUtah	1.44	8	1007	41	38¼	38	-1

AMERICA

Economic and earnings outlook weighs on Dow

Wall Street

ALTHOUGH THE market recovered from its early declines yesterday morning, concern about the outlook for *the economy* and *corporate* earnings continued to depress share prices, *writes Patrick Harverson in New York.*

At 2.30 pm the Dow Jones Industrial Average was down 11.41 at 2,860.24. The more broadly based Standard & Poor's 500 was also lower at midsession, down 0.48 at 377.78 at 1 pm, while the Nasdaq composite of over-the-counter stocks lost 2.31 to 533.04. Turnover on the NYSE was heavy at 115m shares by 1 pm, and declines outpaced rises by 897 to 602.

After opening slightly firmer, blue chips nosedived at mid-morning, sending the Dow to 2,850 by 11 am. The rally from that point, however, appeared to confirm the view *among analysts that 2,850 may* be the new short-term trading floor for the market.

The sharp decline in the Dow was not prompted by any particular news, although a forecast from the National *Association of Purchasing* Management's semi-annual survey of weak Christmas sales and modest 1992 economic growth did not help sentiment.

After enjoying early advances, IBM fell back to stand down $¼ at $84⅞ in the wake of Monday's big decline, which was sparked by a downbeat assessment of the company's 1992 prospects at a New York *meeting of senior* management and analysts. Other computer manufacturers were mixed, with Compaq up $⅞ at $23¾, Hewlett-Packard steady at $49½, but Digital Equipment down $⅜ at $55⅝ and Unisys *down $⅛ at $4⅝.*

Deere & Co plunged $5⅛ to $41⅞ in volume of 1.2m shares after the country's largest agricultural equipment manufacturer reported a fourth quarter loss of $1.07 a share after taking a charge. In the same quarter a year ago, Deere made a *profit of 98 cents a share.*

Stanley Works rose $1⅞ to $37⅞ after Newell, a manufacturer of consumer and industrial products, filed with the Securities and Exchange Commission its intention of buying *up to 15 per cent of the hard*ware product maker. Newell, which is an unwanted suitor, firmed $⅛ to $41 on the news.

B&H Ocean Carriers fell $⅝ to $7 on the news that it had shelved a plan to combine with *B&H Maritime Carriers and* B&H Bulk Carriers.

On the over-the-counter market, Borland International slumped $4½ to $74¼ amid profit-taking and judgments from *analysts* that the stock may have been overbought. Borland has risen sharply in the last two months in anticipation of good sales of a new line of products, but some observers believe that the *stock is now fully* valued and due for a short-term correction, despite the healthy earnings prospects.

Novell rose $1¼ to $54⅛ on a near-50 per cent improvement in fourth quarter net income to 34 cents a share.

Canada

TORONTO STOCKS slipped by midday after staying in a narrow range for most of the morning. Investors were reluctant to take positions before *further US economic data.*

The composite index fell 9.8 to 3,373.1. Declining issues led advances by 353 to 154 in volume of 15.5m shares valued at C$168m.

American Barrick continued *to climb higher, despite* weakness in gold futures and other gold shares, rising C$⅛ to C$30⅝, but slipped from a high for the day and the past 52 weeks of C$31⅛.

Among the most active *issues, Fort Knox Gold slipped* C$1.29 to C$1.45, Contrans class A eased 1 cent to 5 cents, Inco fell C$⅛ to C$32⅞, Nova eased C$⅛ to C$7 and Horsham Corp rose C$⅛ *to* C$10⅛.

Colombia rallies as foreign interest grows

Three emerging markets jumped more than 30% last month, writes Jacqueline Moore

A TRIO of *emerging* markets each rose by more than 30 per cent in dollar terms last month. These leaders were scattered in different continents: Colombia in America, Pakistan in Asia, and Turkey in Europe.

The best was Colombia, which gained 36 per cent *in* dollar terms, according to the International Finance Corporation (IFC), part of the World Bank. At an investors' seminar last week, Latin American Securities – a joint venture between *Foreign & Colonial* Management, of the UK, and Banco de Investimentos Garantia, the Brazilian investment bank – predicted that Colombia would be the region's best performer next year.

Mr Audley Twiston Davies, Latin American Securities' managing director, *forecast* that Colombia's index would double in dollar terms in 1992, compared with expected rises of 50 to 60 per cent in Argentina, 50 per cent in Brazil, 35 per cent in Mexico and 20 per cent in Venezuela.

Colombia is the smallest of the six Latin American markets covered by the IFC indices, with a capitalisation of about $2.4m, compared with $90.4m in Mexico, the largest. Daily turnover is about *$300,000 ($157m in Mexico).*

Latin American Securities said there were a number of positive factors in Colombia:

- the recent opening of the market to foreign investment;
- an expected fall in inflation from 27 per cent this year to 22 per cent next year;
- *an export-driven* but underdeveloped economy;
- a more diversified industrial base, with coffee – which used to be the main export – now accounting for less than 20 per cent of exports;
- and a decline in drug-related violence.

At the end of November, the first foreign fund, the Baring Puma Fund, was approved by the Colombian stock exchange authorities. Mr Terry Mahony, the fund's manager, agreed that Colombia could be the *Latin American market of 1992,* as Argentina had been for 1991. He said the Puma Fund's weighting in Colombia would be small at first, concentrating on consumer companies, such as food and beverage stocks, *and some industrials.*

Of November's other two main winners, Pakistan has risen to record highs, mostly on foreign buying; and Turkey has been boosted by optimism following the formation of a new coalition government.

Not all emerging markets were winners last month. Brazil *fell 21 per cent in dollar* terms, although in local currency it moved slightly higher. Ms Else Derrick, the Brazil analyst at Latin American Securities, said worse than expected inflation, delays to *privatisation and fiscal* reforms, and the failure to reach an International Monetary Fund (IMF) agreement had all disappointed investors.

However, she added: "We believe that we are not far from the turning point." She said that encouraging factors included the appointment of *the government's new eco*nomic team, which is expected to implement a tight monetary policy; expectations that the IMF agreement would soon be *signed; and the possibility of a* Brady Plan on the country's debt next year. Moreover, another 20 companies could be privatised in 1992, and inflation was beginning to come down.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	Dollar terms: Nov 30 1991	% Change over month	% Change on Dec '90	Local currency terms: Nov 30 1991	% Change over month	% Change on Dec '90
Latin America							
Argentina	(29)	1,031.76	−16.9	+295.6	56,666,296	−16.9	+591.5
Brazil	(67)	72.38	−21.1	+73.6	18,607,249	+2.5	+805.8
Chile	(35)	1,543.07	−6.4	+90.2	4,389.56	−4.3	+108.0
Colombia	(20)	532.82	+36.0	+97.8	3,548.42	+35.9	+162.5
Mexico	(56)	1,423.36	+0.5	+96.5	22,673.87	+0.8	+105.3
Venezuela	(16)	606.57	−1.4	+20.5	4,897.04	+1.2	+46.7
East Asia							
South Korea	(77)	306.72	−7.6	−10.5	279.84	−7.0	−5.5
Philippines	(30)	1,364.42	+6.9	+48.6	1,798.74	+5.1	+42.6
Taiwan, China	(70)	538.35	−0.1	−6.5	390.43	−1.0	−9.6
South Asia							
India	(60)	278.02	+1.2	+17.4	575.31	+1.0	+66.6
Indonesia*	(56)	53.25	+7.5	−45.4	56.68	+7.7	−42.7
Malaysia	(62)	135.98	0.0	+3.0	154.34	+0.1	+5.1
Pakistan	(54)	244.90	+35.1	+99.3	391.59	+36.0	+125.3
Thailand	(43)	236.00	+7.1	−3.1	267.80	+6.3	−2.7
Euro/Mid East							
Greece	(32)	408.04	+2.7	−23.2	578.13	−0.7	−12.6
Jordan	(25)	90.55	0.0	−0.3	165.66	0.0	+7.3
Portugal†	(30)	384.16	−7.2	−11.6	356.66	−6.7	−8.9
Turkey‡	(25)	80.57	+31.1	−55.4	544.34	+37.6	−21.3

Source: International Finance Corporation. Base date: Dec 1984=100. *Dec 1989=100. †Jan 1986=100. ‡Dec 1986=100.

ASIA PACIFIC

Futures settlement worries depress Nikkei

Tokyo

THE NIKKEI average fell below 22,000 again on small-lot, arbitrage-related selling yesterday, as nervousness prevailed ahead of Friday's December *futures settlements, writes Emiko Terazono in Tokyo.*

After a high of 22,349.58 in the morning, and a low of 21,832.77 in the afternoon, the Nikkei closed 399.82 down at 21,953.06. Volume rose to 230m shares *from 130m on arbitrage*-related deals.

Declines outnumbered advances by 744 to 220 with 134 issues unchanged. The Topix *index of all first section stocks* shed 16.60 to 1,685.83 although, in London, the ISE/Nikkei 50 index eased only 0.35 to 1,249.84.

Yesterday's publication of the Bank of Japan's tankan, or quarterly survey of business sentiment, failed to affect share prices, although the bond market rallied.

Traders said that, while the survey gave *a positive signal* for lower interest rates in the long term, it was not enough to support confidence before the futures settlement on Friday. *Market participants holding* December futures are not expected to roll over into March contracts because of the narrow spread, which, in *turn, is expected to result* in an unwinding of cash stock positions.

In the past, the "calendar spread", or the difference between the closer and further contracts, has widened as expiry approaches. "This time it has narrowed, and the market is very worried," said Mr Peter Johnson at Baring Securities.

Market participants are also nervous about options traders' mounting positions in December "put options" – selling rights – around the 22,000 level. Institutional investors have remained inactive, on speculation that dealers will try to push the index lower.

Domestic institutions have grown increasingly worried that the absence of foreign buying, because of year-end book closings and holidays, will *depress* prices. Weakness on Wall Street and worries that the Soviet situation could turn confusion into catastrophe *added to the pessimism.*

High-technology blue chips were hit by the weakness of IBM on Wall Street. Sony dropped Y120 to a low for the *year of* Y4,100 and Hitachi fell Y16 to Y904.

Nippon Telegraph and Telephone receded Y9,000 to Y742,000, a low for the year. Traders said speculative investors, who had bought NTT *shares on hopes* that the government would support the price before the share issue next year, were liquidating their positions.

Electric power companies were one of the few bright sectors, supported by lower crude oil prices in New York. Shikoku Electric Power rose Y80 to Y2,930 and Hokuriku Electric Power Y10 to Y2,750.

In Osaka, the OSE average *slipped 177.56 to 23,982.89 in* volume of 23.8m shares.

Roundup

THE OVERNIGHT decline on Wall Street and yesterday's weakness in Tokyo depressed the more mature markets in the Pacific region, although Seoul and Manila were buoyant. Bangkok was shut.

HONG KONG dropped 1.8 per cent in nervous, rumour-driven trading. The Hang Seng index lost 74.88 to 4,128.32 in turnover of HK$1.1bn, down *from* HK$1.2bn.

Rumours of placements by Hongkong Bank pushed Cathay Pacific down 40 cents to HK$9.80. There were also rumours that Deng Xiaoping, the Chinese leader, was ill.

AUSTRALIA lost ground, with the All Ordinaries index dipping 9.4 to 1,571.4, its lowest since mid-October. *Turnover* eased from A$242m to A$238m, in spite of a placement of 21.8m shares in AFP Group, the bulk of which were placed at A$1.28 each. The *move* was believed to be linked to the group's restructuring, and AFP put on 2 cents to A$1.24.

SEOUL gained 3.3 per cent *on hopes of market-lifting* measures. The composite index rose 20.06 to 635.76 in improved turnover of Won224bn, after Monday's Won162bn. The news that Sunkyong Group is to buy a 15 per cent stake in Pacific Securities boosted sentiment, as did news that the Finance Ministry has asked institutions to buy Won240bn worth *of* stocks by the year-end.

Sunkyong Ind, the parent of Sunkyong Group, advanced Won500 to Won21,500, Pacific Securities *rose* by *its upper* limit of Won800 to Won16,800, and its parent, Pacific Chemical, by Won400 to Won10,300.

MANILA was encouraged by *demand for selected* blue-chip commercial and industrial shares. The composite index gained 29.71 or 2.7 per cent to 1,141.18 as turnover slipped to 58m pesos from 65m.

NEW ZEALAND rose as bargain hunters picked *up blue* chips. Trading was cautious, however, after the government's backtracking on Monday from its promise to balance the budget by 1993-94. The NZSE-40 index firmed 5.82 to 1,484.00 in turnover of NZ$13m.

EUROPE

Paris registers fifth straight decline as bourses tumble

BOURSES fell across the board yesterday, with the winter lull turning into a rout in some places, *writes Our Markets Staff.*

PARIS fell 1.6 per cent – its fifth decline in a row. The CAC 40 index closed 26.44 down at 1,636.93 in heavy turnover of FFr3bn, up from FFr2.4bn. *There was a lot of arbitrage-related activity,* according to one dealer, which boosted volume.

The dealer added that nervousness about prospects for Wall Street and the Tokyo stock market had turned him from being moderately bearish on the French market to very bearish.

Elf Aquitaine dropped FFr4.60 to FFr350.40 with *463,800 shares traded.* After the bourse closed, the finance ministry said that it would postpone the planned sale of a 2.3 per cent stake in Elf, because *of poor market conditions.* Since the government announced the sale in mid-November, Elf's share price had risen from FFr408.70 to a *record high of FFr444, before* falling back in the recent gloom.

Havas, the media group, dropped FFr23 to FFr410 in volume of 340,500 shares, including a block of 120,000. The fall followed Monday's forecast from Avenir Havas Media, a subsidiary, that its 1991 results would be lower than previously predicted.

Printemps was requoted, and fell FFr50 to FFr796, after the agreed bid by Pinault for two thirds of the company.

Among the blue chips, Total *dropped FFr59 or 6.1 per cent* to FFr925 and Paribas shed FFr21.50 or 6.6 per cent to FFr303.

FRANKFURT fell in quiet trading. One dealer said that Germans had been worried by *the situation in eastern Europe* to the extent that trading in stocks seemed to matter less for the time being.

Volume certainly stayed low, falling from DM3.34bn to DM3.25bn. The DAX index closed 7.94 lower at 1,551.11 after a *fall* of 5.64 to 633.13 in the FAZ at midsession.

Corporate news made *little* impact. The energy group, Veba, ended just 20 pfg lower at DM354.50 following reports of a major explosion and fire at *the Gelsenkirchen plant of its* Veba Oel refinery subsidiary. Another good banking result, from Bayernhypo, left its shares DM1 lower at DM367 *while Bayernverein dropped* DM10 to DM391 after good results on Monday.

Contrasts in the automotive industry saw Continental, the tyre company, *rise another* DM6 to DM222.50 to stand on a 1992 prospective p/e of 15 while Volkswagen, currently the unpopular stock among carmakers, shed another DM5 to DM289.10 although there were estimates that this put VW on a 1992 p/e of 7.8.

MILAN's slide continued, with bloodletting among a number of the stocks which have suffered lately, but there was some recovery before the end, and selective investment in telecoms as the Comit index closed 4.34 lower at 482.89.

Pirelli SpA was the hardest hit, dropping 8 per cent or L90 to L1,010 as the market continued to spurn the share after the costly collapse of its talks with its German counterpart, Continental. Pirelli SpA is now *down 41 per cent since November* 29, the day preceding the bad news about the merger talks.

Among other blue chips, Fiat fell L116 or 2.6 per cent to L4,497 while Olivetti dropped L49 to L2,401. The good news for serious investors was in the telecom groups, Sip and its parent Stet, up *L7 to L1,237* and L13 to L1,942 respectively.

MADRID dropped 1.5 per cent on its return from a four-day weekend. The weakness on *Wall Street and worries about* the Soviet Union depressed the market. The general index lost 3.77 to 240.91.

VIENNA dropped 1.5 per *cent to its worst level since its* 1991 low early last month. The ATX index shed 14.26 to 918.17, as Universale, the builder which is passing its dividend *this year, fell by the 10 per* cent limit to Sch1,062, down Sch120.

STOCKHOLM closed lower in moderate trade as a morning rally fizzled out in the afternoon. The Affärsvärlden General index fell 2.50 to 910.10. HELSINKI made another new low, the Hex index falling below 800 for the first time this year with a drop *of 4.0 to 797.5.*

ISTANBUL fell 5.2 per cent after the market's recent strength. The 75-share market index shed 225.86 to 4,114.52.

FT-SE Eurotrack 100 - Dec 10

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1035.92	1034.93	1034.11	1034.37	1034.72	1033.66	1034.70	1034.94

Day's High 1035.93 Day's Low 1033.23

Dec 9	Dec 6	Dec 5	Dec 4	Dec 3
1039.46	1041.38	1050.13	1058.20	1056.25

Base value 1000 (26/10/90)

SOUTH AFRICA

HOPES OF higher bullion prices helped Johannesburg stocks put on a steady performance. A weak financial rand also supported the market. The all-gold index added 2 to 1,289, although the overall index slipped 1 to 3,521.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie *in conjunction with the Institute of Actuaries and the Faculty of Actuaries*

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	MONDAY DECEMBER 9 1991: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY DECEMBER 6 1991: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1991 High	1991 Low	Year ago (approx)
Australia (69)	146.98	−0.9	120.62	119.29	120.28	126.35	−0.2	4.62	146.27	121.42	120.06	121.14	126.60	160.31	112.74	121.87
Austria (20)	165.08	−0.9	135.48	133.99	135.09	134.91	−1.6	2.14	166.58	136.41	134.89	136.10	137.06	222.37	155.86	219.72
Belgium (47)	136.18	+0.7	111.76	110.52	111.44	108.64	+0.3	5.45	135.29	110.79	109.54	110.53	108.27	151.20	118.04	141.02
Canada (115)	134.53	−1.2	110.41	109.19	110.08	110.66	−1.2	3.37	136.12	111.47	110.22	111.21	111.98	144.28	129.49	129.81
Denmark (37)	257.45	−0.4	211.29	208.96	210.66	214.21	−0.3	1.67	258.49	211.68	209.32	211.19	214.80	270.56	217.74	246.00
Finland (15)	77.51	+0.2	63.61	62.91	63.43	69.29	+0.3	3.52	77.34	63.33	62.63	63.19	69.06	125.15	75.80	107.70
France (109)	136.92	−1.4	112.37	111.12	112.03	115.55	−1.2	3.63	138.82	113.68	112.40	113.41	116.99	152.26	119.11	145.33
Germany (65)	112.41	+0.0	92.25	91.25	91.98	91.98	+0.2	2.51	112.37	92.01	91.00	91.80	91.80	125.35	94.15	123.06
Hong Kong (55)	172.97	+0.4	141.95	140.38	141.55	172.57	+0.4	4.30	172.28	141.08	139.50	140.75	171.96	176.14	119.62	127.41
Ireland (16)	157.40	+0.6	129.18	127.75	128.80	130.62	+0.5	3.84	156.48	128.12	126.69	127.83	130.03	182.46	132.88	157.41
Italy (77)	69.39	−2.1	56.95	56.31	56.78	61.72	−1.9	3.78	70.89	58.05	57.40	57.92	62.94	85.23	64.76	83.89
Japan (474)	130.70	−0.5	107.27	106.08	106.97	106.06	−0.2	0.80	131.31	107.53	106.33	107.30	106.35	146.97	118.23	129.15
Malaysia (68)	203.72	−0.2	167.19	165.34	166.70	215.09	−0.1	2.89	204.08	167.11	165.24	166.73	215.24	247.78	169.18	203.96
Mexico (17)	1321.62	+0.1	1084.65	1072.67	1081.51	4394.21	+0.1	1.17	1320.81	1081.59	1069.51	1079.13	4391.52	1404.63	534.45	613.13
Netherland (31)	145.30	+0.0	119.25	117.93	118.91	117.65	+0.2	4.59	145.33	119.01	117.88	118.74	117.44	148.25	125.70	135.99
New Zealand (14)	45.19	−1.8	37.08	36.68	36.98	43.06	−1.4	6.38	46.01	37.68	37.26	37.59	43.67	64.84	41.18	47.83
Norway (30)	174.91	+3.0	143.55	141.97	143.14	147.25	+3.0	1.75	169.84	139.08	137.53	138.77	142.93	223.24	157.08	218.90
Singapore (38)	205.98	+0.3	169.05	167.18	168.56	156.38	+0.1	2.23	205.43	168.22	166.35	167.84	156.20	213.93	151.83	162.79
South Africa (61)	261.12	−0.3	214.30	211.93	213.68	178.06	+0.7	2.77	262.03	214.57	212.17	214.07	178.78	271.99	173.00	180.83
Spain (53)	148.95	+1.0	122.24	120.89	121.89	113.69	+0.0	4.86	147.48	120.77	119.43	120.50	113.66	171.12	131.51	153.98
Sweden (25)	169.32	−0.9	138.96	137.43	138.56	144.57	−0.7	3.08	170.79	139.86	138.30	139.54	145.57	204.12	146.60	174.18
Switzerland (59)	95.33	+0.1	78.24	77.38	78.02	82.21	+0.2	2.43	95.27	78.01	77.15	77.85	82.04	100.67	82.17	92.85
United Kingdom (238)	173.64	+0.6	142.50	140.92	142.08	142.50	+0.8	5.25	172.57	141.31	139.72	140.98	141.31	167.44	158.27	169.85
USA (526)	154.20	−0.2	126.55	125.16	126.19	154.20	−0.2	3.16	154.49	126.51	125.10	126.22	154.49	161.59	125.95	132.82
Europe (824)	138.69	+0.0	113.82	112.57	113.50	114.31	+0.1	4.22	138.65	113.54	112.27	113.28	114.15	151.62	126.50	142.00
Nordic (107)	175.46	−0.2	144.00	142.41	143.58	142.59	−0.1	2.27	175.78	143.94	142.34	143.62	142.89	200.81	155.55	179.92
Pacific Basin (718)	132.07	−0.5	108.39	107.19	108.07	106.95	−0.2	1.14	132.86	108.64	107.43	108.39	106.56	145.92	117.86	128.49
Euro−Pacific (1542)	135.03	−0.3	110.82	109.59	110.49	111.48	−0.1	2.40	135.38	110.86	109.61	110.60	111.56	147.88	121.29	134.35
North America (641)	152.91	−0.2	125.49	124.12	125.15	151.25	−0.2	3.17	153.28	125.52	124.13	125.25	151.61	160.44	125.91	132.53
Europe Ex. UK (586)	117.73	−0.4	96.62	95.57	96.36	96.10	−0.4	3.46	118.20	96.79	95.73	96.59	96.47	129.80	103.58	124.62
Pacific Ex. Japan (244)	145.53	−0.3	119.43	118.13	119.10	129.68	+0.0	4.16	145.97	119.53	118.22	119.27	129.70	153.19	111.40	119.97
World Ex. US (1735)	137.11	−0.3	112.52	111.29	112.20	113.24	−0.1	2.43	137.49	112.59	111.34	112.34	113.39	148.18	122.32	134.92
World Ex. UK (2023)	138.81	−0.3	113.92	112.67	113.60	124.33	−0.2	2.40	139.29	114.07	112.80	113.82	124.62	146.16	120.06	129.56
World Ex. So. Af. (2200)	141.04	−0.2	115.75	114.49	115.43	125.80	−0.1	2.70	141.39	115.78	114.50	115.53	125.77	148.68	122.92	132.84
World Ex. Japan (1787)	149.09	−0.1	122.36	121.02	122.03	137.13	−0.1	3.57	149.31	122.27	120.92	122.01	137.22	155.59	126.69	136.51
The World Index (2261)	141.85	−0.2	116.41	115.13	116.08	126.08	−0.1	2.70	142.20	116.44	115.15	116.19	126.23	149.37	123.28	133.13

Latest prices were unavailable for this edition. Spanish market closed December 9.